

# AGRICULTURAL OUTLOOK

March 1988

Economic Research Service  
United States Department of Agriculture

Inside:  
**Spreadsheet on  
Conservation Policy**



# AGRICULTURAL OUTLOOK

March 1988/AO 139



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The next issue of Agricultural Outlook (AO-140) is scheduled for mailing on April 1, 1988. If you do not receive AO-140 by April 18, call the managing editor at (202) 786-1494 (be sure to have your mailing label handy). The full text and tables of AO-140 will also be available electronically; additional information on this is available at (202) 447-5505.

Contents of this report have been approved by the World Agricultural Outlook Board, and the summary was released February 18, 1988. Materials may be reprinted without permission. Agricultural Outlook is published monthly, except for January/February combined issue. Price and quantity forecasts for crops are based on the February 9 World Agricultural Supply and Demand Estimates.

# In Brief . . . News of the Economic Outlook, Farmland Values, Food Prices

**Meat production in 1988 will be up 5 pounds per capita from last year's record. Increases in pork and poultry output will more than offset reductions in beef. Prices received by farmers for livestock products will be lower and feed costs higher. Mainly because of the large meat production, consumers will see a smaller rise in retail food prices this year than the 4.2 percent in 1987.**

**Hog profits fell sharply in the final quarter of 1987 and will probably continue lower through most of 1988. Net returns in 1988 may average only slightly above breakeven. Prices for barrows and gilts could average in the low to middle \$40's, below 1987's \$52 per cwt.**

**Relative to use, ending stocks of major crops are down in the United States, because of increased exports, greater domestic use and, for most grains, decreased production. Tighter supplies are strengthening crop prices from last year's reduced levels.**

**The USSR imported near-record amounts of protein feeds in 1987, and large imports are likely again in 1988. Imports are helping the Soviets overcome a protein shortage, improve feeding efficiency, and increase livestock productivity. The USSR had record livestock production in 1986 and 1987.**

**The impending Free Trade Agreement between the United States and Canada would eliminate all tariffs and some nontariff barriers between the**



**two countries by 2000. Fruit and vegetables represent a major part of the agricultural trade between the two countries, and U.S. growers of many of these commodities could benefit from increased trade.**

**The farmland market strengthened during August-October 1987 from the quarter before. A survey of rural farm appraisers in early November indicated that a third of respondents thought land values had risen during August-October. Over half of respondents thought values were unchanged, while only a tenth thought values had fallen. Nationally, farmland values likely increased in 1987 for the first time since 1982, with strongest gains in the North Central and Northeast regions.**

**The fall in the value of the dollar has stimulated U.S. exports and helped improve the trade deficit. Lower interest rates and rising exports have increased investment in plant and equipment. Export and investment growth are offsetting a slowing**

**of growth in consumer and Government spending, pushing the present economic expansion into its sixth year. Inflation-adjusted exports of food, feed, and beverages grew more than 30 percent in 1987.**

**The Agricultural Credit Act of 1987 heralds substantial changes in the character of the Farm Credit System (FCS). While Federal assistance allows the FCS to operate in the short run, the help is not cheap. Changes include a reorganization of the system, additional rights for its borrowers, and additional measures to ensure the institution's future.**

**The legislation establishes the Federal Agricultural Mortgage Corporation, or "Farmer Mac," as part of the FCS. Farmer Mac will be responsible for establishing a secondary market for farm real estate loans and certain rural housing loans. A separate but parallel secondary market for FmHA-guaranteed farm debt is to be established and administered by the Secretary of Agriculture.**

**Legislation regulating fertilizers, pesticides, and land use can have a major effect on agricultural resource use, the flow of farm products, and the level of farm income. A spreadsheet in this issue summarizes existing and proposed resource and environmental legislation affecting farming.**



## Agricultural Economy

Government programs seek to raise the income of the farm sector by supporting commodity prices or producers' income. Programs apply to cotton, dairy products, feed grains, honey, peanuts, rice, soybeans, sugar, tobacco, wheat, and wool and mohair. For most farm commodities, reducing the quantity sold raises the market-clearing price sufficiently to increase total revenue. If commodity programs can cause farmers of major commodities to decrease production and increase revenue, their profits will grow.

Growers of some nonprogram commodities may also be helped indirectly by Government programs. Often, however, they are not helped, and in some cases farm programs may even cause them a loss of income.

Side effects of commodity programs on nonprogram commodities, as well as on other program commodities and even on nonfarm commodities, result when farmers shift resources or consumers shift consumption. For example, farmers can use resources freed from corn production to grow dry edible beans or sunflowers, or consumers can switch from sugar to corn sweeteners, from dairy products to vegetable oil products, or from cotton, wool, and mohair to synthetic fibers.

### *Programs Have Complex Side Effects*

The impact of one commodity on others is sometimes complicated. For ex-

ample, wheat, a food grain, has excellent nutritional properties for cattle and hogs, and is substituted for feed grains when wheat prices are low enough to compete with them. Therefore, an increase in wheat price supports relative to corn supports can cause loss of wheat markets to corn. This year, relatively high wheat prices are discouraging the feeding of wheat to livestock.

When the feed grain program lowered loan rates, market prices for grains were allowed to fall. At the same time, incomes of growers were maintained with payments for the deficiency between the market price and the target price. Lower prices made feeding more grain to livestock attractive. Soybean meal is used with grains to build a nutritious feed formula, so more soybeans were required even though they had become more expensive relative to grain.

Corn and soybeans compete for the same land, and the attractiveness of the feed grain program transferred some soybean acres into corn production. In this way, the feed grain program tended to increase use of soybeans, decrease their production, and increase their price. However, the higher price of soybeans relative to grain could result in lower protein rations, and the boost to soybean prices in world markets gives South American growers incentive to grow and export more soybeans.

A number of soil-conserving crops can be grown on the land used for program crops. The Food and Security Act of 1985 included a 50/92 provision which, among other things, allowed program participants to devote some of their permitted but unused acres to conserving uses or to production of nonprogram crops.

The Food Security Improvement Act of 1986 limited the nonprogram crops that could be grown under 50/92 provisions to castor beans, crambe, flaxseed, guar, mustard seed, plantago ovato, safflower, sesame, sunflower, sweet sorghum, rye, triticale, and "commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf)."

To date, farmers have not been permitted to grow even these specified nonprogram crops on the 50/92 acreage because of the potential adverse

effect on other growers of such crops. One reason for this is that the total acreage for all of the permitted soil-conserving crops is less than 2 percent of the acreage of all program crops. Hence, a small percentage of program crop acreage planted to these soil-conserving crops could have an overwhelming effect on output of the minor crops.

### *Small, Specialized Markets Can Be Swamped*

The crops specified in the 1986 act have diverse uses. Castor beans, flaxseed, mustard seed, and plantago ovato have medicinal uses; guar is used for forage and as a thickening agent in certain processed foods and sauces; mustard seed and sesame have uses as condiments; rye and triticale are used as food grains, feed grains, or cover crops; sweet sorghum is used primarily for molasses or sorghum syrup; and safflower, sesame, and sunflower are used in edible salad and cooking oils.

The profitability of such crops varies with the presence of local processing plants and the availability of contract markets for growers. Added production of these crops as a side effect of programs for major crops could devastate these small and specialized markets.

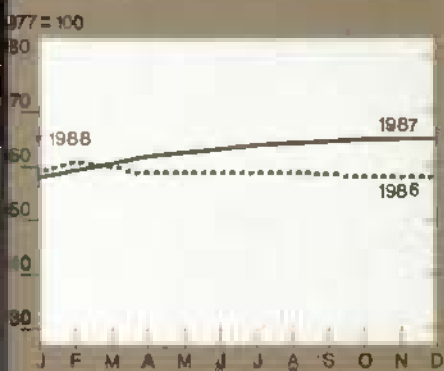
When sunflowers were permitted on cropland idled under grain price support programs during the early 1970's, sunflower acreage tripled. A decade later, when sunflowers were no longer a permitted crop and prices for them were low relative to program crops, sunflower production gave way to barley and wheat.

Dry beans, potatoes, and vegetables are nonprogram crops which have significant potential for interaction with program commodities. Each of these has a harvested acreage of 1 percent or less of the acreage in program crops, so their growers are concerned by prospects of their being substituted for program crops.

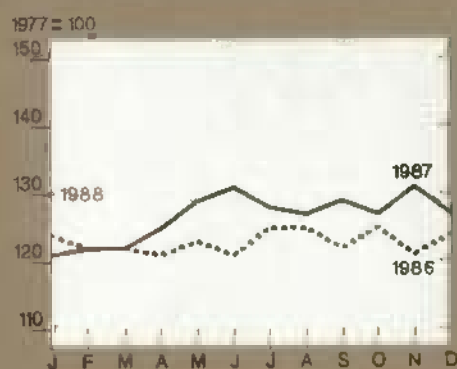
Dry edible beans can be grown on corn land. USDA economists estimate that a 10-percent increase in corn prices in a free market would attract dry bean acreage to corn, reduce bean output, and increase bean prices about 2 percent. This illustrates how growers of nonprogram crops, in this case dry beans, can benefit indirectly from a higher corn price.

# Prime Indicators of the U.S. Agricultural Economy

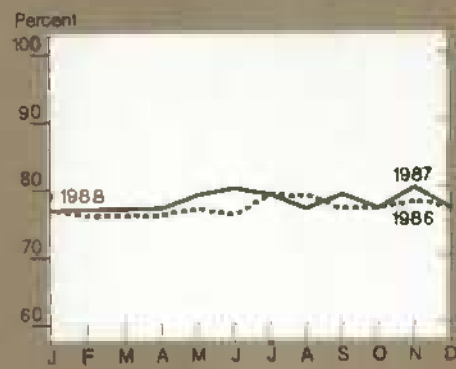
Index of prices paid by farmers<sup>1</sup>



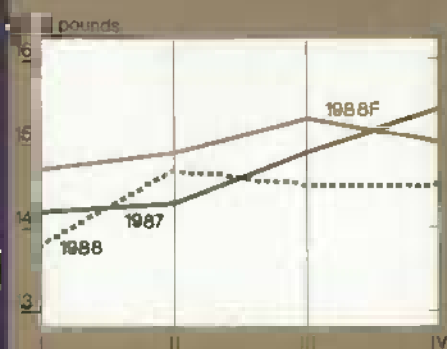
Index of prices received by farmers<sup>2</sup>



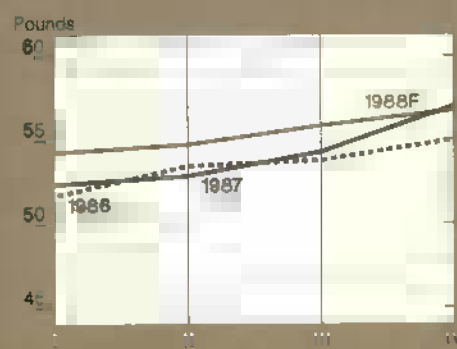
Ratio of prices received to prices paid



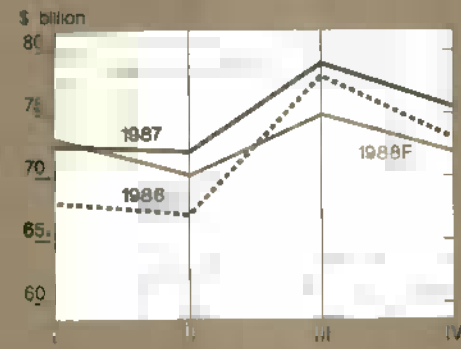
Red meat & poultry<sup>3</sup>  
production



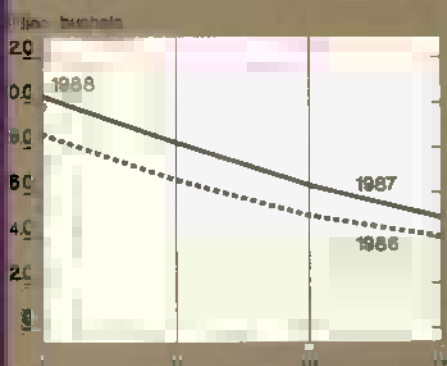
Red meat & poultry  
consumption, per capita<sup>3,4</sup>



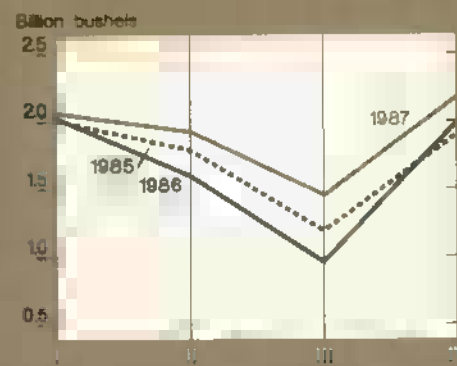
Cash receipts from  
livestock & products<sup>5</sup>



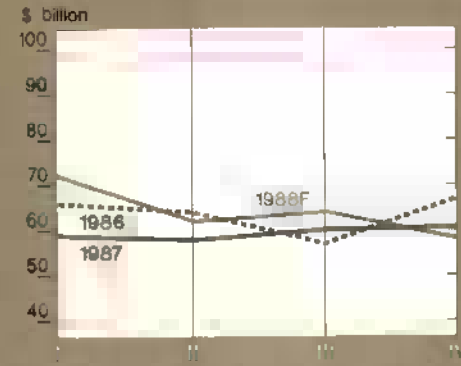
Corn beginning stocks<sup>6</sup>



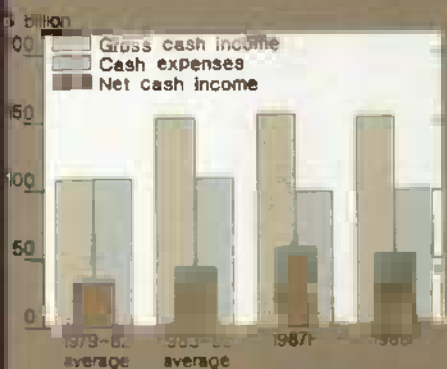
Corn disappearance<sup>6</sup>



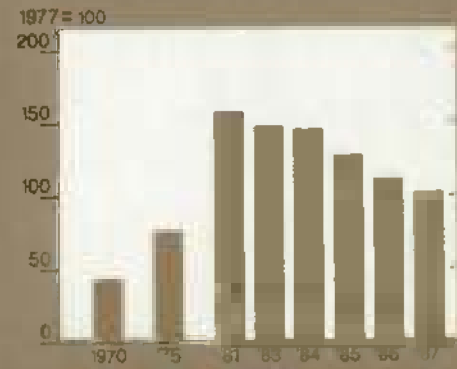
Cash receipts from crops<sup>5</sup>



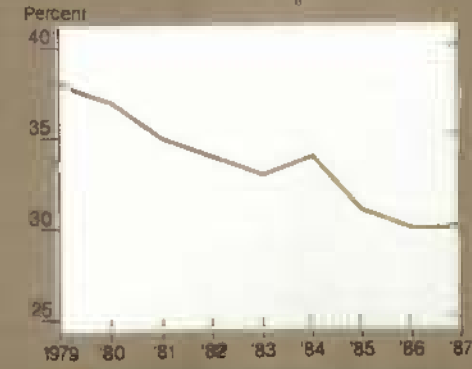
Farm net cash income



Farm real estate values



Farm value/retail food costs



for commodities and services, interest, taxes and wages. Beginning in 1985, data are only available quarterly. For all farm products  
 Calendar quarters. Future quarters are forecasts for livestock, corn, and cash receipts. Retail weight. Seasonally adjusted annual rate  
 I = Dec.-Feb., II = Mar.-May, III = June-Aug., IV = Sept.-Nov. F = forecast

However, if dry beans were permitted on acres idled under the corn program, as was possible under the original 50/92 provisions, the dry bean market could be inundated; a 1-percent decrease in planted corn acreage, if devoted entirely to dry beans, could lead to a 50-percent increase in bean production.

Recent changes in feed grain price supports had a major impact on the profitability of livestock because feed grains account for about half the total value of all feed. During the early 1980's, feed grains were supported at relatively high levels and feed costs ate into livestock profits.

Under the 1985 act, loan rates were lowered, but the income of program commodity growers was supported by direct payments. This made program crops more competitive in world markets and it also reduced feed costs. As a result, livestock profits increased during 1986 and 1987. This year, however, livestock supplies are increasing as a response to the increased profits; prices for livestock are getting lower, and profits are narrowing again.

Allowing haying and grazing on set-aside land has been considered by Administration officials. Prospects are for an annual average of some 40 million acres of cropland to be set aside over the next few years. Grazing of conservation acreage will be permitted except during 5 consecutive months of the 7-month period between April 1 and October 31. Haying on this land is not allowed except under emergency conditions, or when the Secretary of Agriculture determines that haying will not have an adverse economic effect within the State.

Haying and grazing of cropland idled under commodity programs would stimulate beef production and decrease feed use; farmers would bring cattle to heavier grass-fed weights before putting them on feed. While haying and grazing of these lands likely would add only moderately to total annual beef production, it could be important to the farmers who do it.

Farm price and income support programs improve income from program commodities, but they can have unintended effects, including income reduction for some nonprogram commodities. That is, some farmers indirectly help to pay for programs so the sector as a whole can receive a higher income. [Clark Edwards (202) 786-3313]

## LIVESTOCK OVERVIEW

Per capita consumption of red meat and poultry in 1988 is forecast at about 222 pounds, up nearly 5 pounds from 1987's record. Pork, broiler, and turkey production may be up 7, 5, and 10 percent, respectively. Beef production, by contrast, may decline 5 percent.

Barrow and gilt prices may average \$41 to \$47 per cwt in 1988, compared with the low \$50's in 1986 and 1987. Choice steer prices may average in the middle \$60's per cwt, near 1987.

After a sharp decline last year, poultry prices are expected to slip further in 1988.

### *First-Quarter Broiler Production May Be 7 Percent Higher*

Broiler production during 1987 was estimated more than 9 percent above 1986. The quarterly broiler hatchery supply flock estimates, which correlate with first-, second-, and third-quarter 1988 slaughter, were 15, 13, and 8 percent greater than in 1986, respectively.

Monthly hatch and weekly chick placements suggest that first-quarter 1988 production may be 7 percent larger than a year ago. Production during all of 1988 is projected only 5 percent above last year, mainly because of narrowing profit margins.

Wholesale prices for broilers moved down considerably in 1987 from 1986 highs of nearly 80 cents per pound. The 12-city composite price for whole broilers averaged 47 cents last year, down from 57 during 1986. Average slaughter weights were up 2 percent in the last quarter of 1987. Weekly slaughter weight increases in January continued around 2 percent. With production still increasing above trend, average prices during first-quarter 1988 are expected to fall to the 41-45 cent range. Prices during the second and third quarters may rise slightly, averaging 41 to 47 cents. The average broiler price for 1988 is expected to be 46 to 46 cents.

### *Turkey Output May Climb 10 Percent*

Turkey production increased an estimated 18 percent during 1987. After prices had declined to below breakeven in the third quarter, they climbed dramatically during November and De-

cember, putting fourth-quarter net returns close to breakeven. Because no two consecutive quarters had strong negative net returns, producers probably did not get an intense signal to slow growth. Production is now forecast to rise 10 percent in 1988, up from the earlier forecast of 6 percent.

Poults placed for slaughter for the first 4 months of 1988 were 17 percent ahead of a year earlier. First- and second-quarter 1988 slaughter totals are expected to be 19 and 16 percent higher than a year earlier, respectively. Production for 1988 is expected to be 10 percent greater than for 1987.

Turkey stocks fell to 284 million pounds by the beginning of January, but they were still approximately 60 percent greater than a year earlier because production increased 17 percent during the fourth quarter. The rising stocks occurred in spite of attractive retail prices which boosted fourth-quarter per capita consumption to 6 pounds, 13 percent greater than a year earlier.

Fourth-quarter wholesale prices for 8-16 pound hen turkeys in the Eastern region averaged about 61 cents per pound. First-quarter 1988 prices are forecast to average 48 to 52 cents. Turkey prices are expected to rise seasonally toward breakeven during the third and fourth quarters, although ample supplies of chicken and pork will buffer the gain. Prices for 1988 as a whole are likely to average 50 to 56 cents.

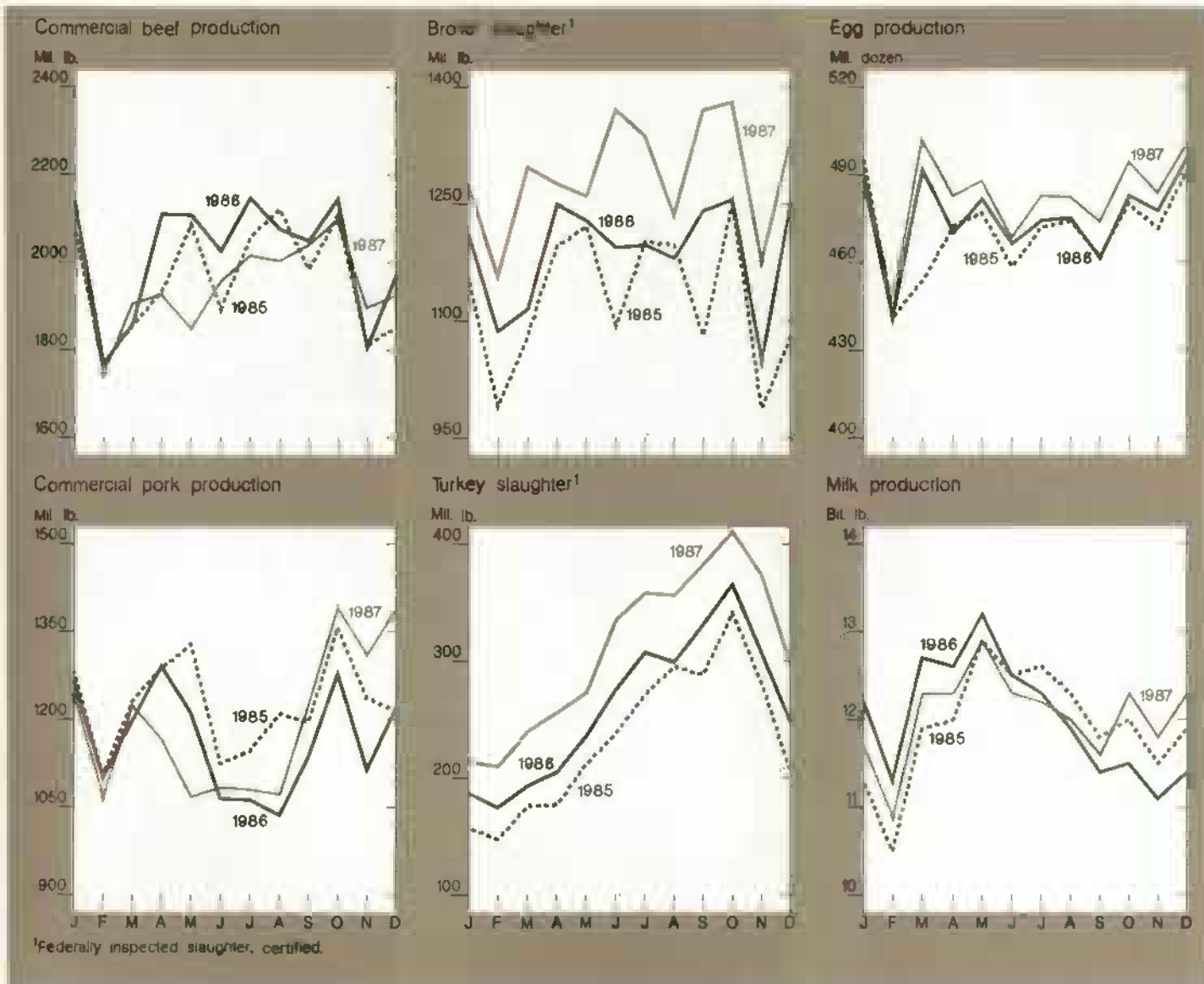
### *Eggs Forecast Down*

Egg production in 1987 was 1.6 percent above 1986. However, with net returns below breakeven during the fourth quarter—when producers normally expect profits—production likely will fall during 1988.

Nevertheless, output during 1988 is expected to fall less than 1 percent. This implies a 5-egg reduction in per capita consumption for the year, 2 percent below the 250-egg average in 1987. The U.S. flock during December was 1.0 percent greater than a year earlier.

On December 1, the number of potential layers (hens and pullets of laying age, plus pullets 3 months and older) was 1.6 percent greater than a year earlier. Slaughter of light-type hens, however, increased considerably dur-

# Production of Livestock and Products



ing November-January, indicating a desire by producers to have a younger, more efficient flock.

Prices of wholesale grade-A large eggs in New York averaged 62 cents per dozen in 1987, well below the 71 cents recorded in 1986. Wholesale prices may average 58-64 cents during 1988. Prices are expected to average 55-59 cents for the first quarter and 53-59 for the second.

## Dairy Supports Reduced

The Food Security Act of 1985 requires the Secretary of Agriculture to reduce the milk support price on January 1, 1988, 1989, and 1990 if the Commodity Credit Corporation's net purchases in the upcoming year are

projected to exceed 5 billion pounds, milk equivalent. On December 30, USDA announced that the support price would be reduced from \$11.10 to \$10.60 per cwt on January 1.

USDA estimated that net purchases under the price support program for 1988 would reach 7.3 billion pounds without the 50-cent-per-cwt reduction. This estimate took into account the 2.5-cent-per-cwt reduction provided for in the Omnibus Budget Reconciliation Act of 1987. With the 50-cent reduction, net purchases are estimated at 6 billion pounds.

When the new purchase prices for butter and nonfat dry milk were calculated, the reduction in the support

price for milk used in making those products was allocated two-thirds to nonfat dry milk and one-third to butter. The new purchase prices, per pound, are \$1.32 for butter (down 3.75 cents) and \$0.7275 for nonfat dry milk (down 4 cents).

Block Cheddar cheese prices were reduced 4.75 cents to \$1.1525 per pound, while barrel cheese prices were reduced 4.5 cents to \$1.1125. CCC-owned dairy products will continue to be sold for unrestricted use at prices about 10 percent above the newly established purchase prices.

Budget legislation enacted in December contained two important provisions

## Beef Data Changes

The following changes have been made in ERS data describing the beef industry (back tables 8, 10, and 16).

**All fresh retail price series.**—The current Choice beef retail price reports the price of only a portion of the total retail beef sold. Many retailers now sell "no-roll" or other-than-Choice beef, as well as a higher proportion of ground beef than is used to calculate the Choice price. An all fresh beef composite retail price has been developed to reflect the average price paid for fresh beef. It appears in table 16. This series is being published in addition to, and does not replace, the Choice series which appears in table 8.

This all fresh beef series averaged about 30 cents per pound lower than the Choice series average of 242.5 cents per pound in 1987. It also will be examined as a possible series to multiply by consumption to estimate total consumer expenditures for beef. This new series does not adjust for prices paid for beef eaten away from home.

**Carcass-to-retail weight consumption conversion factor.**—The original com-

putation of beef consumption in the Supply and Utilization table (see table 10) is on a carcass-weight equivalent basis. To convert these carcass weight equivalent quantities to a retail weight equivalent, a factor of .74 has been used since 1962.

The National Academy of Sciences and the Economic Research Service recently cooperated in assessing the applicability of this conversion factor over time. Because of offsetting trends, the .74 appears to have been reasonably correct from 1962 through 1985. But, the rapid move to closer trimming and to selling more boneless cuts during 1986 resulted in a change in the conversion factor to .73 for 1986.

The computation procedure will be used each year to determine whether the factor needs further change. Using .73 for 1986 and 1987 gives estimates of 78.8 and 75.7 pounds of civilian consumption of beef per capita; using .74 would have given an estimate of 79.8 and 76.7 pounds (see table 10). Data should be available this spring to calculate what the conversion factor should be for 1987. [Larry Duewer, Ken Nelson (202) 786-1712]

sions directly affecting dairy. A deduction of 2.5 cents per cwt of milk marketed will be collected throughout 1988. This comes instead of large discounts in payments slated through September under the sequester provisions of Gramm-Rudman-Hollings.

Future sequester orders under Gramm-Rudman-Hollings are to accomplish the required savings in net outlays through deductions instead of discounts.

### First-Quarter Cattle on Feed Up

Commercial beef production fell 3 percent in 1987, while cattle slaughter was down 4 percent from 1986. Beef production fell less than cattle slaughter because carcass weight rose by 6 pounds. Both fed and nonfed cattle posted weight increases for the year.

U.S. fed cattle marketings reached nearly 23 million head in 1987, slightly higher than 1986 and only 1.3 million head below the record marketings in 1978. The increase likely will end during the coming year.

Fed cattle slaughter is expected to fall nearly 500,000 head in 1988. Smaller calf crops during the past several years will finally begin to reduce the available pool of feeder cattle. Tighter supplies and higher feeder cattle prices may force some feedlots to operate below peak capacity and leave pen space empty, rather than feed cattle with little prospect of profit.

Feedlot marketings are not expected to begin declining until the relatively large numbers of cattle currently on feed have been slaughtered. Cattle on feed on January 1 in the 13 quarterly reporting States were up 6 percent from the previous year, with inventories in seven States 8 percent higher in February.

The larger on-feed inventories as well as a higher-than-average concentration of heavy-weight cattle indicate that fed cattle supplies will remain readily available well into the second quarter.

Second-quarter fed cattle supplies will decline from the first quarter but remain near a year earlier or perhaps be slightly higher. In the second half of 1988, tight feeder cattle supplies at higher prices likely will generate relatively small feedlot profits and could push fed cattle marketings 6 percent below second-half 1987. [Leland Southard (202) 786-1285]

**For further information contact:** Kevin Bost, hogs; Mark Weimar, broilers, turkeys, and eggs; Steve Reed, cattle; and Sara Short, dairy. All are at (202) 786-1285.

## FIELD CROP OVERVIEW

Stocks of all major crops in the United States are lower than last season. Stocks-to-use ratios are falling significantly, causing prices to move above a year earlier. However, U.S. farmers remain heavily dependent on Government programs.

### USDA Changes Grain Loan Regulations

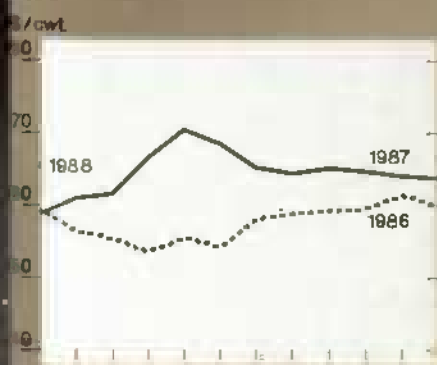
On January 29, USDA announced that 9-month producer loans for wheat, feed grains, and soybeans would not be extended. Grain in the Special Producer Loan Program maturing after March 1, 1988, will not be extended and may not enter the Farmer-Owned Reserve (FOR). Entry into the FOR is not permitted for 1987-crop wheat and feed grains. In addition, 1983-crop and prior-crop wheat, barley, and oats in the FOR will not be extended after March 1. One-year extension is available for 1984-crop wheat, barley, and oats in the FOR.

In December, Congress reduced the minimum level requirement of the FOR to 300 million bushels of wheat and 450 million bushels of feed grains. The FOR and Special Producer Loan Program as of February 3 contained more than 500 million bushels of wheat and almost 1.7 billion bushels of feed grains. The new legislation reduces the amount of grain withheld from the market by the FOR, potentially increasing free supplies.

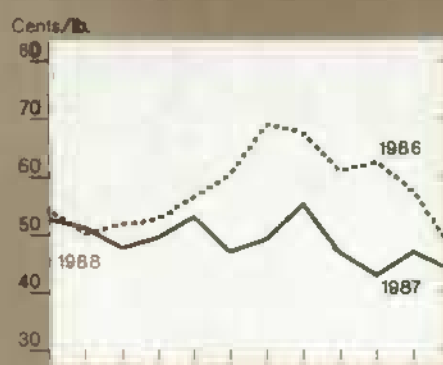
On January 21, USDA announced that the program signup period is from February 16 through April 15. Target and loan prices are reduced by the amounts permitted by the Omnibus

# Commodity Market Prices

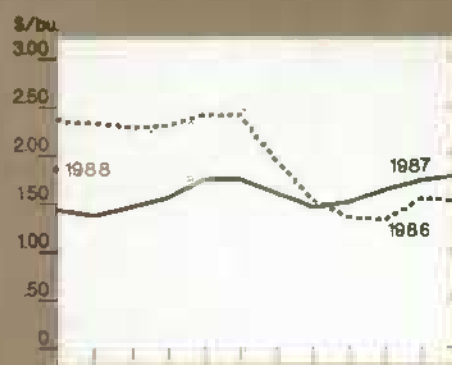
Choice steers, Omaha



Broilers, 12-city average



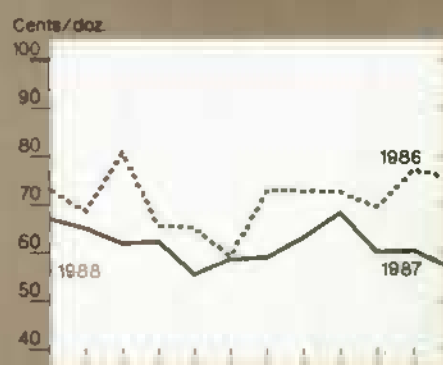
Corn, Chicago<sup>3</sup>



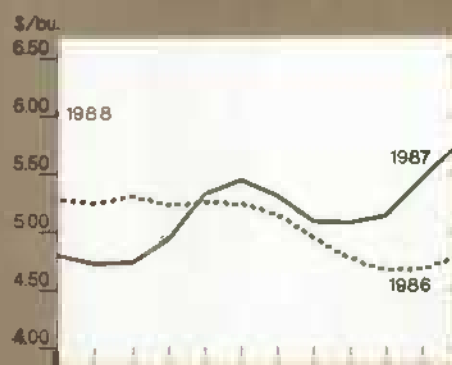
Feeder cattle, Kansas City<sup>1</sup>



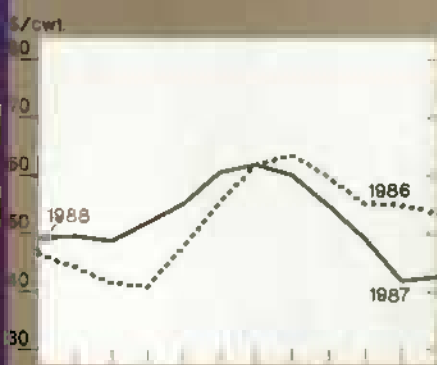
Eggs, New York<sup>2</sup>



Soybeans, Chicago<sup>4</sup>



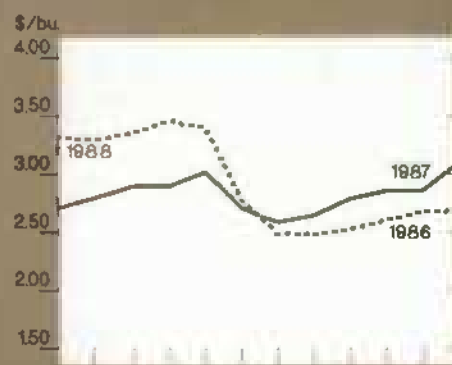
Barrows and gilts, 7 markets



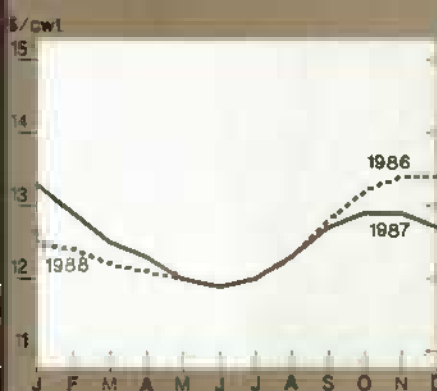
Rice (rough), SW Louisiana



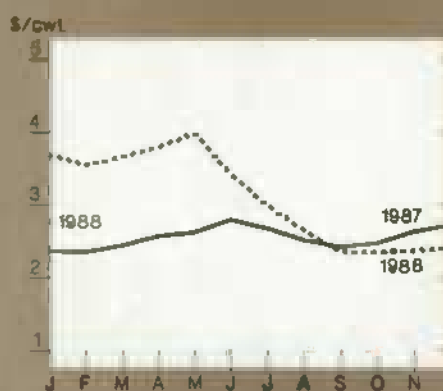
Wheat, Kansas City<sup>5</sup>



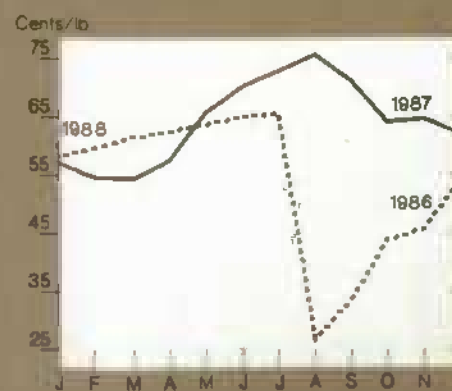
All milk



Sorghum, Kansas City



Cotton, average spot market



<sup>1</sup>600-700 lbs medium no. 2. <sup>2</sup>Grade A Large.

<sup>3</sup>No. 1 Yellow.

<sup>4</sup>No. 2 Yellow.

<sup>5</sup>No. 1 HRW.

Reconciliation Act of 1987, and advance deficiency payments are 40 percent of estimated commodity deficiency payment rates. Half of the advance will be paid in cash at signup and the balance in generic certificates about May 16.

### Winter Wheat Seedings Slightly Below Last Year

Winter wheat seedings provide the first concrete information on 1988 crop production. Planted area is reported at 48.3 million acres, down 1 percent from a year earlier and the lowest in a decade. States growing Soft Red Winter wheat (SRW) increased area, while other areas cut acreage. Hard Red Winter (HRW) area is estimated at 34.4 million acres, down 1.9 million, while SRW increased 1.6 million to 10.6 million. This is because prices for SRW are higher than for HRW. Normally, HRW prices are higher.

Though not "bread quality" wheat, SRW has been selling at a premium to HRW because of strong demand and tight supplies. Ending stocks of SRW for 1987/88 are forecast at 50 million bushels, less than 13 percent of use. Missouri, a major SRW producer, increased area 72 percent. White wheat area declined because of dry weather in the Pacific Northwest, offsetting larger plantings in Michigan.

Winter wheat area might have increased if the Conservation Reserve Program had not taken wheat acreage out of production. Wheat area in the reserve may rise more than 2.5 million acres in the 1988/89 crop year.

### Wheat Trade Up

Although the foreign 1987/88 wheat crop is 6 percent smaller than last year, record carryin means that available supplies are second only to last year's alltime high. World utilization is up 1 percent, although lower Soviet wheat production caused a drop in global feed use.

World wheat trade is growing 12 percent in 1987/88; the total volume (excluding intra-EC shipments) is expected to reach 102 million tons, up 11 million from last year and 17 million from the 1985/86 bottom. Exporters' supplies are down from 1986/87, contributing to gains in world prices from last year's depressed levels.

U.S. wheat exports during 1987/88 may total 42 million tons, about 50

Ending Stocks-Use Ratio			
Crop	1985/86	1986/87	1987/88 F
Percent			
Wheat	97.2	82.9	48.2
Rice	63.9	33.1	15.3
Soybeans	28.5	21.3	15.0
Cotton	111.9	35.2	34.5
Corn	62.2	65.9	52.7
Sorghum	63.4	96.6	86.3
Barley	62.1	55.4	51.0

F = forecast.

percent above last year. An estimated 80 to 85 percent of wheat exports this year will be made under Government export programs.

The Export Enhancement Program (EEP) has grown substantially, becoming the most important factor in this year's trade expansion. New EEP initiatives for wheat between October 1 and February 9 totaled 18 million tons, representing nearly 40 percent of all initiatives since the first wheat offer in June 1985. The average bonus in January exceeded \$40 per ton, about 30 percent of the Gulf Port wheat price.

The closer balance between supply and use has pushed wheat market prices well above the loan rate. This has made it unprofitable for farmers to use generic certificates to quickly redeem wheat put under loan.

The weekly auctions of CCC inventory have made wheat available to both the domestic and the export market. However, the bids in the auctions have remained only moderately below peak county prices.

Much of the decline in U.S. stocks will come out of CCC inventory, and outstanding loans will be lower as higher prices encourage loan redemption. Domestic utilization of wheat is projected to decline modestly. High wheat prices relative to corn have discouraged wheat feeding in the United States.

### Late Monsoon Cuts Rice Production

World rice production in 1987/88 is down by 5 percent because of drought in South and Southeast Asia. The Indian and Thai crops are each forecast about 20 percent below last year. Reduced long grain rice supplies in the United States and Thailand, normally

the world's two largest exporters, drove up prices and cut the world trade forecast for calendar 1988 to 10.4 million tons, the smallest in a decade. U.S. long grain production is off 8 percent and carryin is off 44 percent.

Thailand is expected to export only 1.8 million tons of rice during 1988, almost 60 percent below 1987. U.S. exports in calendar 1988 are projected to rise 17 percent, but much of the increase will come late in the year from 1988 crop supplies.

The sharp runup in rice prices will limit import demand, notably in the price-sensitive African markets, and shift buyers toward wheat and other grains. Since U.S. export programs are set in dollar terms, a given allocation will finance a smaller volume of rice trade than in the past.

In the United States, the average market price for rice in 1987/88 is forecast to be \$7.00-\$8.00 per cwt, compared with \$3.75 in 1986/87. This compares with a national average loan rate of \$6.84 per cwt and a target price of \$11.66. Stocks on August 1, 1988, are forecast to be 24.1 million cwt, well below 30 million, the minimum carryin targeted in the 1985 Farm Act.

USDA announced a 25-percent acreage reduction program for the 1988/89 rice crop, down from 35 percent in 1987/88.

### Coarse Grain Producers May Divert One-Tenth More Land

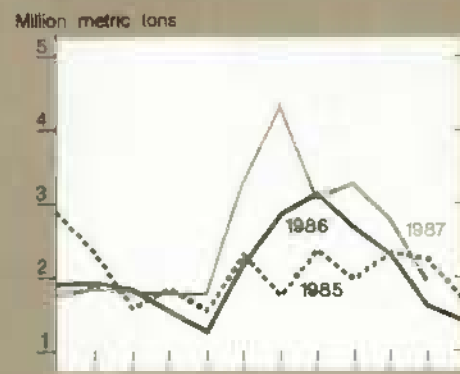
An optional paid land diversion program for corn, sorghum, and barley will be in effect for 1988/89. Participants have the option of idling 10 percent of their applicable crop acreage base in addition to the required

# U.S. Agricultural Trade Indicators

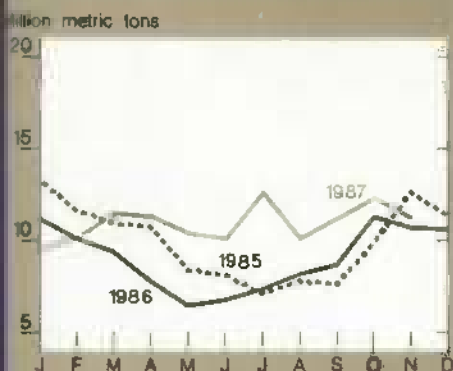
U.S. agricultural trade balance



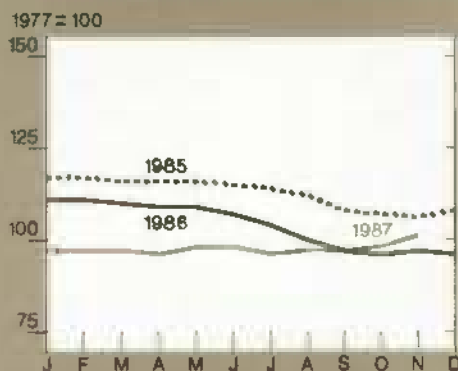
U.S. wheat exports



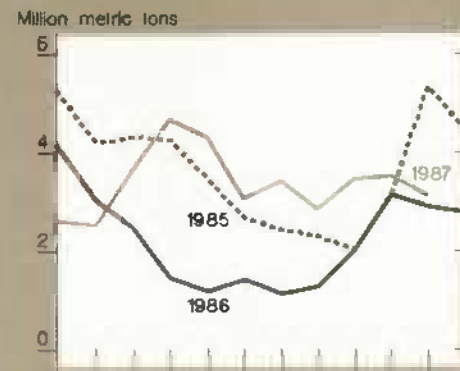
Export volume



Index of export prices



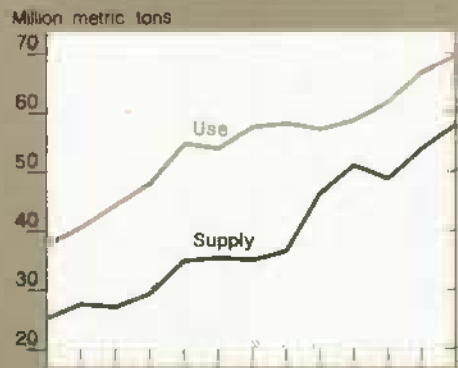
U.S. corn exports



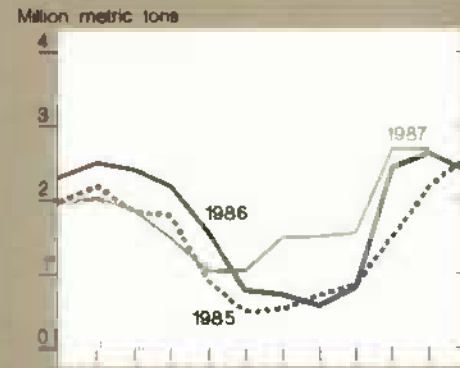
Foreign supply & use of coarse grains



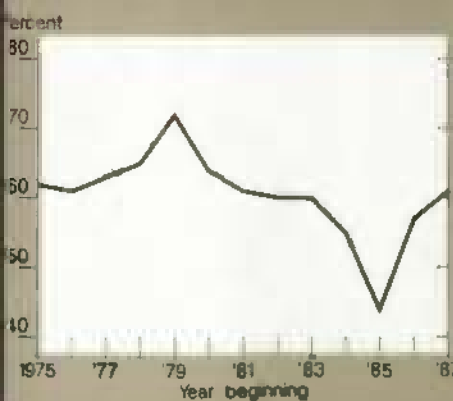
Foreign supply & use of soybeans



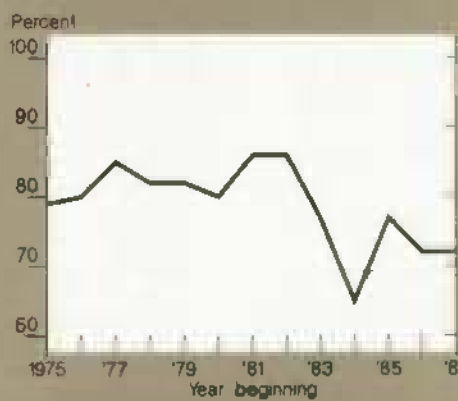
U.S. soybean exports



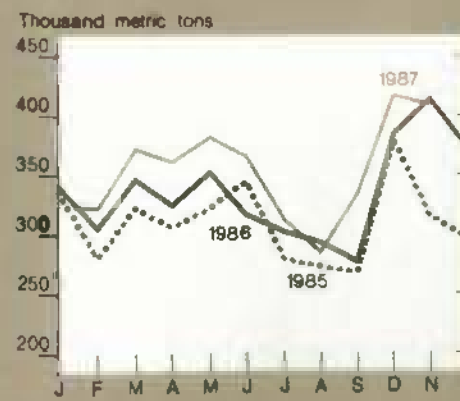
U.S. share of world coarse grains exports<sup>12</sup>



U.S. share of world soybean exports



U.S. fruit & vegetable exports<sup>3</sup>



<sup>12</sup>Excluding intra-EC trade. <sup>2</sup>October-September years

<sup>3</sup>Includes fruit juices.

20-percent reduction. Payment for the land diversion will be \$1.75 per bushel for corn, \$1.65 for sorghum, and \$1.40 for barley. In December, the 1988 corn target price was reduced 4 cents to \$2.93 per bushel.

U.S. corn feed use during September-November was up 8 percent from a year earlier, more than anticipated, partly because the feeding of wheat was discouraged by higher wheat prices. Corn feed use for 1987/88 is forecast at 4.9 billion bushels, up 4 percent from a year earlier. Combined with exports 13 percent greater than in 1986/87, utilization is expected to draw down ending stocks 16 percent to 4.1 billion bushels.

Free supplies, unencumbered by the Government, are severely limited. Much of the corn supplies are in the Farmer-Owned Reserve, under loan, or owned by CCC. As prices move up to near the loan rate, the incentive to use certificates to redeem corn will shrink. This will tighten supplies until prices move enough above the loan rate to discourage loan placements, or to provide the price incentive to redeem corn already under loan.

Corn redemptions are expected to account for over 70 percent of certificate use. Since the pace of redemptions has been slow, the supply of certificates has been ample.

Near-record foreign production of coarse grains and continued price competition from feed wheat are expected to result in only a small increase in world coarse grain trade in 1987/88, despite low prices. Foreign barley production this year is a record, with the best Soviet crop in a decade and good harvests in Canada and the EC. Saudi Arabia, the largest market, is limiting import subsidies after last year's record imports. But the impact on world barley trade will be cushioned by larger imports in Eastern Europe and other countries.

Aggressive use of the EEP will mean another good year for U.S. barley export volume, despite the likelihood of smaller shipments to Saudi Arabia, the world's largest market. Bulgaria, Iraq, Israel, and Algeria have been the largest buyers in recent months.

The foreign corn crop is forecast only 2 percent below last year's record. Although no change is expected in foreign utilization, world corn trade for 1987/88 (October-September) is expected to grow 3 percent.

Large foreign barley and feed wheat supplies are partly responsible for limiting the growth of corn trade. Even so, U.S. corn sales are running ahead of last year, and exports for all of 1987/88 are expected to increase 10 percent to 43 million tons. The United States is gaining market share because of tight competitor supplies.

### U.S. Soybean Exports Face Increased Competition

Oilseed markets face record world supplies and modest demand. Soybeans and products are encountering competition from large supplies of other oilseeds, notably rapeseed, and world trade in both soybeans and soybean meal is projected to be little changed in 1987/88. The EC, the world's largest market for soybeans and meal, will import less this year because of record domestic oilseed crops. But, larger Soviet purchases are holding up world trade and U.S. exports.

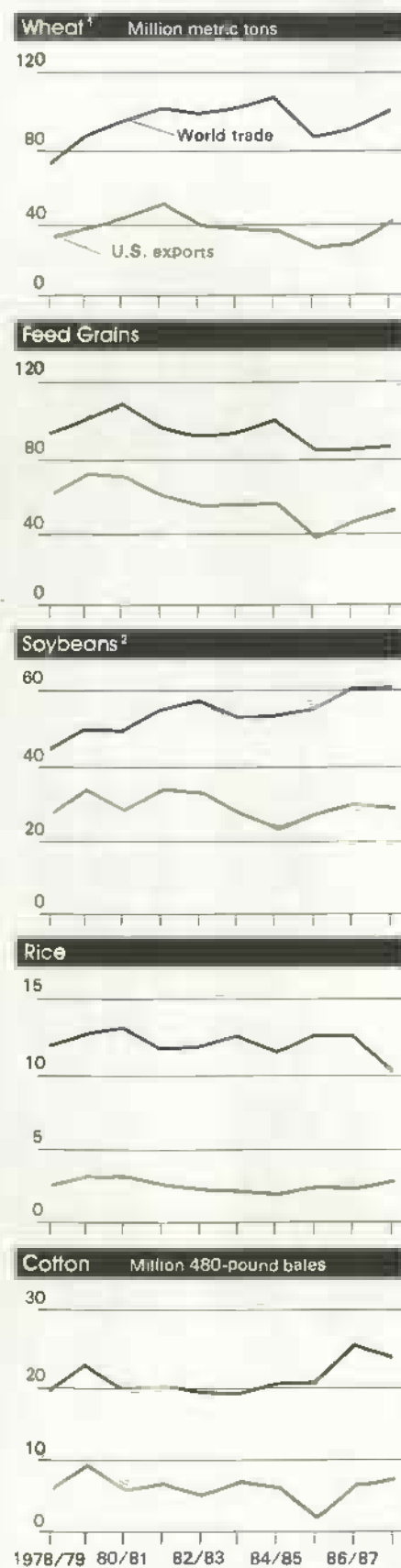
U.S. soybean exports to date are well ahead of last year; Argentina and Brazil are largely out of the market until their new crops are available. If their crops are as large as expected, U.S. sales and shipments will show a greater-than-normal seasonal decline this spring. U.S. exports for the 1987/88 crop year are expected to about equal 1986/87's 757 million bushels.

The USSR's unexpected November purchase of 1.3 million tons of U.S. soybean meal improved U.S. exports, but even so, the 1987/88 total is expected to be 5 percent below the previous year. Sales to other markets have been weak so far this year, higher prices should further constrain sales, and high crush margins favor exports of beans rather than of meal.

U.S. soybean oil exports are projected to increase 86 percent this year to 2.2 billion pounds. The gain reflects sales under EEP initiatives, particularly to India and North Africa, as well as the carryover from last year's sales to Pakistan and expanded use of P.L. 480.

The final estimate of 1987/88 U.S. soybean production is 2 percent below a year earlier. With crush almost unchanged and exports slightly greater than last year, utilization continues to outpace production, drawing down stocks. Ending stocks are forecast to be 305 million bushels, down over 100 million bushels from last year.

### U.S. Export Shares Recovering



<sup>1</sup>Includes wheat flour; excludes intra-EC trade.

<sup>2</sup>Soybeans and soybean equivalent of soymeal.

Farm prices for soybeans are up from last year. Most CCC stocks have been liquidated and are no longer an effective limit to price increases. The average market price for soybeans during 1987/88 is forecast at \$5.35-\$5.75 per bushel, considerably above last year's \$4.78.

The December budget process left the soybean program unchanged, but the Budget Reconciliation Act of 1987 included a \$10-million export promotion program for sunflowerseed oil.

#### **U.S. Cotton Output Matches Use; World Supplies Tighten**

This season's domestic cotton yield was a record 703 pounds an acre. Abandonment was minimal. Over 96 percent of the planted area was harvested, compared with 84 percent the year before. The crop totaled 14.72 million bales.

The 51-percent increase in production is largely offset by sharply lower beginning stocks, leaving total supplies up only 3.6 percent. Utilization is forecast up 5 percent because of increasing exports and mill use. The 1987/88 carryout is forecast at 5.1 million bales, slightly above 1986/87, and 1.1 million above the target set by the 1985 Farm Act.

Domestic mill use of cotton, forecast at 7.8 million bales in 1987/88, continues strong. In the past, slower economic growth usually has cut mill use. Recent dramatic declines in the financial markets have raised concern over the sustainability of current mill use levels, contributing to a recent weakness in cotton prices.

Provisions announced for the 1988 upland cotton program include a loan rate of 51.8 cents per pound and a target price of 75.9 cents. A 12.5-percent acreage reduction program will be in effect for 1988, in contrast to the 25-percent reduction in 1987. No paid land diversion will be offered.

World cotton production this season will be below projected consumption by 4.4 million bales, bringing ending stocks to their lowest since 1983/84. Despite relatively high prices, foreign cotton consumption (excluding China) is up again in 1987/88, although the small gain projected for this year is well below the pace of the last several years. The slowdown in consumption growth is contributing to a small drop

in world cotton trade, but the 24.2 million bales in exports projected for the year is second only to the 1986/87 record. [Ed Allen (202) 786-1840 and Frederic Surls (202) 786-1824]

**For further information, contact:**  
Sara Schwartz, world food grains;  
Allen Schienbein, domestic wheat; Janet Livezey, rice; Peter Riley, world feed grains; Larry Van Meir, domestic feed grains; Tom Bickerton, world oilseeds; Roger Hoskin, domestic oilseeds; Carolyn Whitton, world cotton; Bob Skinner, domestic cotton; Jim Schaub, peanuts. World information, (202) 786-1820; domestic, (202) 786-1840.

### **HIGH-VALUE CROP OVERVIEW**

#### **Orange Prices Higher This Season**

U.S. orange production this season probably will surpass the 1986/87 harvest by 6 percent; a 13 percent larger crop in Florida will more than offset lower California and Arizona output. Unusually large fruit drop last summer reduced California's navel orange harvest this season. Cold weather in December cut Arizona's navel output.

Expected strong export demand for fresh oranges and reduced imports of frozen concentrated orange juice (FCOJ) will keep prices above a year ago. Dry weather in Brazil's orange-growing area dropped production below earlier estimates, raising FCOJ prices and thereby providing further strength to U.S. prices.

Lower U.S. imports of FCOJ, mostly from Brazil, will raise the demand for Florida oranges. Florida FCOJ at the processing plant is selling at prices nearly one-third higher than last year, and prices probably will stay strong throughout the season. Growers' on-tree returns for all oranges averaged \$6.19 a box in January, up 54 percent from a year earlier.

California and Arizona Valencia oranges look good and should provide plenty of fresh fruit later in the season. Texas continues to recover from the devastating 1983 freeze. Estimated production stands at 1.55 million boxes this year, compared with 875,000 last season and an average 3.5 million before 1983.

February 1 projections indicate that Florida's FCOJ yield this season is the

same as last season, at 1.51 gallons of 42.0 degrees Brix concentrate per box of oranges. The larger crop will boost FCOJ output.

#### **Lettuce Prices Returning to Normal**

Lettuce shipments and prices should return to normal this spring as harvesting moves north from California's Imperial Valley and spring brings improved weather. Both grower and retail lettuce prices likely will decline to more typical levels.

Grower and retail prices soared during the fall because unusual heat and pest problems reduced yields. In November and December, lettuce sold for \$20 to \$25 per carton, f.o.b. California shipping points, compared with \$4 to \$7 a year earlier. By early February, prices ranged between \$3 and \$12.

Prices remained higher than usual during the winter because cold weather and plant disease transmitted by the white fly reduced midwinter shipments from the Imperial Valley. The valley usually supplies most of the domestic lettuce supply during midwinter.

#### **Larger Potato Crop Dampens Prices**

A larger 1987 potato crop and more carryover stocks of fresh potatoes pushed fresh prices this fall and winter below a year earlier. Idaho russets (50-pound cartons, non-size A, 70-80 count) sold for \$13.50-\$14.00 per cwt at the end of January, compared with \$17.50-\$19.00 the year before. Maine round whites (size A in 10-pound bags) brought \$5.80-\$6.00, down from \$8.10-\$8.50 during the same week in 1987. The U.S. average price for potatoes sold for all uses stood at \$3.60 per cwt in January, down 25 percent from January 1987.

U.S. potato production rebounded in 1987 to an estimated 385.7 million cwt, up nearly 7 percent from the previous year, but still 3 percent short of 1985's record crop. Higher yields and expanded acreage fueled the recovery in the Pacific Northwest. Although Maine's production rose on the strength of higher yields, it fell short of 1985 output, and the State's potato acreage continued its long-term decline.

Fresh potato stocks stood at 196 million cwt on January 1, 8 percent above a year earlier. Frozen potato stocks fell 2 percent.

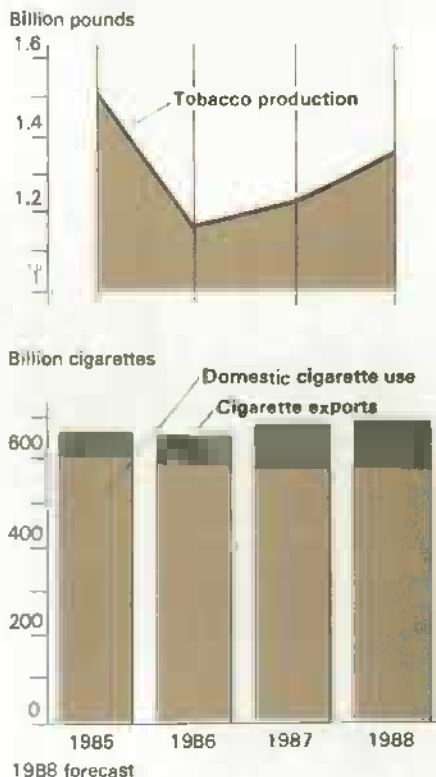
## Sugar Imports Lowest of Century

U.S. buyers can import only 757,880 tons, raw value, of sugar during 1988, according to the import quota that USDA announced in December. The new quota falls 25 percent below last year's imports and likely will result in the smallest use of foreign sugar this century.

USDA uses the sugar import quota to achieve, among other things, the no-cost requirement of the sugar program prescribed in the 1985 Food Security Act. The quota is raised or lowered as necessary to assure that supplies clear the domestic market, sparing the Commodity Credit Corporation from having to take ownership of sugar put up as loan collateral. Imports have fallen from 5 million tons in fiscal 1981—before the restrictive quotas began—to 1 million in 1987.

The Continuing Resolution Appropriation Act, signed in December, requires USDA to issue regulations outlining a special Export Enhancement Program for sugar. USDA is in the process of putting these regulations together. It is unclear, however, whether USDA has the authority or the necessary funding to operate the program.

## Cigarette Exports Buoying U.S. Tobacco Production



## Burley Tobacco Quota Larger

Strong domestic and export demand for tobacco resulted in USDA's raising the 1988 basic national marketing quota for burley tobacco to 473 pounds, 2 percent higher than in 1987. In announcing the increase, the Secretary of Agriculture cited manufacturers' purchase intentions and export and loan stock levels.

Farmers who produce less than their quota in one year can sell the amount of the shortfall the following year. Since last season's undermarketings exceeded overmarketings by an estimated 80 million pounds, the 1988 effective quota will be about 553 million pounds, 5 percent above a year earlier.

Strong export demand for U.S. cigarettes, a shift to greater use of domestic tobacco, and the need to replenish inventories prompted manufacturers to raise purchase intentions 24 percent over 1986/87. U.S. cigarette exports rose 56 percent in 1987, in part because of reduced trade barriers in the Far East and a less expensive dollar. [Glenn Zepp (202) 786-1883]

**For further information, contact:**  
Ben Huang, fruit; Shannon Hamm, vegetables; Dave Harvey, sweeteners; Verner Grise, tobacco. All are at (202) 786-1886.

## Upcoming Economic Reports

Summary Released	Title
March	
2	Fruit & Tree Nuts
9	World Ag. Supply & Demand
10	Sugar & Sweeteners
17	Agricultural Outlook
18	Rice Yearbook
21	World Agriculture



## Commodity Spotlights

### Lower Returns for Hog Producers

The profitability of U.S. hog operations diminished in fourth-quarter 1987 and will probably continue lower through most of this year. Net returns in 1988 will be down substantially and may average only slightly above breakeven, unlike the relatively good years of 1986 and 1987. Lower hog prices will account for the bulk of the decline, although higher feed costs will contribute.

Increased pork supplies will limit seasonal price rallies. Of all hog operators, feeder pig producers are likely to experience the largest year-to-year declines in profitability, with higher feed costs and lower pig prices squeezing margins. Finishing operations should fare somewhat better, as reduced feeder pig prices help offset a decline in hog prices.

Fixed costs per head may be slightly lower as a greater share of slaughter animals comes from large production facilities. If so, the breakeven point may be lower than last year.

### Inventory Up 6 Percent

Pork producers have expanded breeding herds, but the expansion is slowing. In the 10 quarterly reporting States, the number of hogs kept for

breeding was 5.4 million head on December 1, up 6 percent from a year earlier. This was the largest 10-State breeding herd figure since the expansion began in June 1986. The December 1 breeding herd for all States, at 7.0 million head, was up 5 percent from a year earlier but unchanged from June 1987.

Despite the continued increase in the 10-State herd, farrowing intentions reflect a cautious attitude among pork producers. Sows farrowing in September-November were up 7 percent in the 10 States and 6 percent in the United States. These sows were bred last May-July, when returns were highest.

Though greater than a year earlier, fall farrowings were low in relation to both producers' first intentions (reported in June) and farrowings in the two preceding quarters. In light of market conditions, the year-to-year increase was relatively modest. The accelerated breeding activity in the early part of 1987 was apparently scaled back by midyear, perhaps in response to bearish price forecasts.

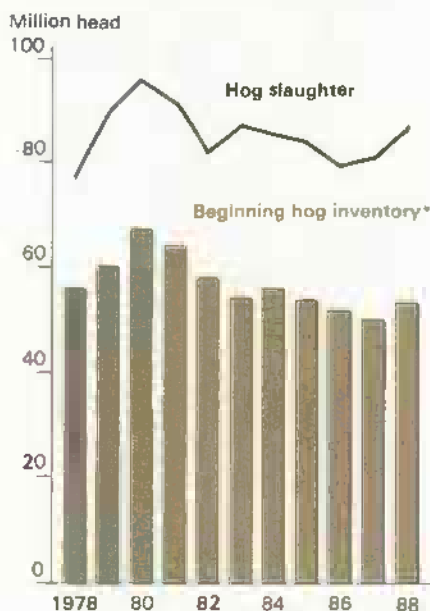
Producers reported intentions to farrow 4.5 million sows in December 1987-May 1988 in the 10 States, and 5.8 million in the United States. These intentions are up 6 percent and 5 percent, respectively, from a year earlier.

For March-May, farrowing intentions in the 10 States show a year-to-year increase of only 2 percent. These sows were bred from November 1987 through January 1988. The survey was conducted during the first 2 weeks in December, when hog prices were approaching breakeven. The drop in farrowing intentions for this spring reflects the deteriorating market conditions in the fourth quarter of last year.

If these intentions are carried out, the production response to declining profitability will have occurred more quickly than in the past. Operators may be more sensitive to overproduction, and less willing to finance major expansion with borrowed funds.

With only modest returns expected in 1988, the growth in hog inventories likely will slow further. Unless feed costs show a surprising increase, though, it is unlikely that returns will drop low enough to stimulate significant liquidation of breeding animals before the end of the year.

## Hog Industry Expanding Cautiously



\*December 1 of previous year. 1988 forecast

## Hog Cycle May Become More Stable

Long-term trends in the structure and performance of U.S. pork production may result in a more stable hog inventory than in past years. Since the most recent low in the hog cycle, in June 1986, the U.S. breeding herd inventory has risen 10 percent. The December 1987 breeding herd of 7.02 million head compares with the previous low of 7.41 million in June 1982.

At the same time, the inventory of market hogs is larger, 46.8 million head versus 44.8 million in 1982. The number of pigs saved per litter has increased about 5 percent since 1982, and market hogs are generally both leaner and heavier. Thus, the amount of lean pork produced per sow is increasing.

In addition, hog production is becoming concentrated among fewer and larger producers. Therefore, a given change in pork production is more likely to stem from variations in the size of existing operations than from changes in the total number of operations.

These structural shifts could eventually lead to smaller, shorter term adjustments in hog inventories, and a less volatile hog cycle than in years past. More extreme swings in profitability would be needed to stimulate construction of additional facilities, or the idling of large-scale operations.

## Pork Production To Increase

In 1988, commercial pork production may be 6 to 8 percent higher than in 1987 (last year's production rose 2 percent over 1986). The largest increases are expected to occur in the second and third quarters. If producers follow their December 1 farrowing intentions for March-May, fourth-quarter hog slaughter may be about the same as a year earlier.

In fourth-quarter 1987, cold storage stocks rose fairly rapidly. They increased by 94 million pounds, compared with only 11 million pounds a year earlier. Frozen bellies accounted for about half the accumulation. If freezer stock accumulation continues at this pace, frozen supplies, particularly bellies, may become excessive by third-quarter 1988.

## Hog Prices Will Remain Weak

The average price of barrows and gilts in 1988 is likely to be substantially lower than 1987's \$52 per cwt. A further gain in per capita poultry supplies is expected, but it may be offset by declining beef supplies. Per capita pork supplies will be larger, because of increases in production, freezer stocks, and imports. Most of the increase in imports is expected from Canada and Denmark.

Canada continues to expand production and has low transportation costs to U.S. markets. The EC has increased export restitutions, which partially offsets the higher value of the Danish krone. Export restitution compensates EC pork producers for feed costs which are higher because of the Common Agricultural Policy. When the restitution equals the cost increase, pork producers do not receive a net subsidy, but pork is priced more competitively in world markets.

Quarterly hog prices are likely to exhibit a fairly stable pattern in 1988, with averages staying in the low to high \$40's per cwt. For the year, barrows and gilts may average in the low to middle \$40's.

Per capita pork supplies this year could be up 7 to 9 percent from 1987, with the largest year-to-year increase occurring in the third quarter. The highest prices of the year usually are late in the second quarter, with lows in October-December.

## Retail Prices To Decline

After a 16-percent increase from 1985 to 1987, retail pork prices in 1988 are expected to decline 5 to 7 percent. Last year, after reaching a record high in the third quarter, retail prices declined only 3 percent in the fourth, despite large supplies of both pork and poultry. Per capita pork consumption rose 9 percent in the fourth quarter from a year earlier, while competing broiler and turkey consumption rose 7 and 13 percent, respectively.

From the third quarter to the fourth, farm value dropped 26 percent to about 70 cents a pound, while the farm-retail spread rose 19 percent. For all of 1988, the farm value is expected to average about the same as in fourth-quarter 1987, but the spread is expected to narrow, allowing a decline in retail prices. Without the expected growth in per capita income, retail pork prices would slip even lower.

Farm-to-retail spreads averaged around \$1.06 a pound in 1987, up 10 cents from 1986. With the recent rates of inflation, the spread is expected to decline from its fourth-quarter 1987 high and average perhaps 3 to 4 percent above 1987 for the year. [Kevin Bost (202) 786-1767]

## Produce Trade & The U.S.-Canada Agreement

How will the impending Free Trade Agreement (FTA) between the U.S. and Canada affect the U.S. fruit, vegetable, and nut industries? The answer depends on how successfully the current trade barriers are broken down and what proportion of a commodity enters U.S.-Canadian trade.

The agreement was signed by the President on January 2. It still must be approved by Congress, the Canadian Parliament, and Canada's provinces. It would eliminate all tariffs and some nontariff barriers between the United States and Canada by 2000.

Fruit and vegetables represent a major part of the agricultural trade between the United States and Canada. Horticultural products comprise about 48 percent of total Canadian agricultural imports from the United States, and about 18 percent of total U.S. agricultural imports from Canada.

In 1986, Canada imported about \$2 billion worth of horticultural products; about 57 percent of this originated in the United States. The same year, the United States imported \$363 million worth of fruit and vegetables from Canada. For the year, the U.S. had a trade surplus with Canada of about \$777 million in horticultural commodities.

Canadian horticultural imports from the United States are five times the value of U.S. horticultural imports from Canada because of climatic differences. In 1986, fresh fruit and vegetables accounted for 71 percent of the total \$1.14 billion of Canadian horticultural imports from the United States.

## FTA Would Open Border, Coordinate Standards

The general provisions of the FTA include the following:

1. Gradual elimination of all tariffs over a 10-year period beginning January 1, 1989.
2. An open border with respect to trade in agricultural and certain related goods. This includes working toward equivalent or harmonized technical regulations, accreditation for inspection systems and inspectors, training for testing and inspection personnel, and requirements for approval of new goods and processes.
3. Communication as changes are made in regulations and standards affecting trade.

For fresh fruit and vegetables, the FTA has special provisions on temporary duties and transshipments.

**Temporary duty.**—Both countries will reserve the right, for 20 years, to apply a temporary duty on designated fresh fruit and vegetables. In the importing country, if the import price of the particular fruit or vegetable falls below 90 percent of the past 5-year average for 5 consecutive working days, and area planted domestically is not above the average of the past 5 years (omitting the highest and lowest years for either qualification), then the Government may impose a temporary duty.

The duty applied under this provision cannot cause the total duty on the product to exceed the lesser of the most favored nation tariff rate (i.e.,

the rate for third countries) at the time the FTA was agreed upon, or the current most favored rate. The temporary duty may be applied for up to 180 days, one time only in any one year. The temporary duty will be removed immediately once the import price exceeds 90 percent of the 5-year average for 5 consecutive working days.

**Transshipments.**—The problem of transshipment of horticultural products from a third country through Canada into the United States to take advantage of the reduced FTA tariffs is addressed by the "rules of origin." Commodities from a third country must be substantially transformed before they can be re-exported under the reduced tariffs granted to the FTA partner. For example, adding water to a product is not considered a substantial change.

**Wine provisions.**—The agreement's provisions affecting U.S. wine exports to Canada cover listing, distribution, and the price markup. Now, sales lists from provincial liquor control boards feature relatively few U.S. wines. Markups on U.S. wine are generally higher than actual market service costs incurred.

Listing of wines will become non-discriminatory and market-oriented. The liquor control board in each province must apply the same listing regulations for U.S. wines as for Canadian wines, and must ensure that listing information is available to all. Listed U.S. wines will have improved access to the distribution and marketing system in Canada.

The discriminatory markup system will be phased out so that U.S. producers will compete on an equal footing in Canadian markets. This may further open the door to U.S. quality bottled wine. However, less than 1 percent of total U.S. wine production went to Canada in 1986.

## U.S. Grapes, Oranges, Lettuce Will Be Affected

The major Canadian imports from the United States are fresh grapes, oranges, lettuce, and tomatoes. Most of the commodities entering Canada are currently subject to import duties; however, some enter duty free. FTA nontariff provisions, such as working toward the harmonization of technical and regulatory requirements, likely will increase the volume of trade, and

## Major Canadian Horticultural Imports From the United States, 1986 1/

Product	Value	Share of U.S. production exported to Canada 2/	Canadian duty 3/	Season 4/
	U.S. \$1,000	Percent	Can. \$	Weeks
Grapes, fresh	90,018	18	2.21¢/kg	15
Oranges, fresh	87,717	11	Free	
Lettuce, fresh	77,393	9	2.76¢/kg BNLT 15%	16
Tomatoes, fresh	73,984	9	5.51¢/kg BNLT 15%	32
Orange juice, frozen concn.	42,805	NA	Free to 3%	52
Trees, plants, nursery	37,107	NA		
Apples, fresh	29,467	3	Free	
Celery, fresh	28,662	11	4.41¢/kg BNLT 15%	18
Potatoes, fresh	27,460	2	0.77¢/kg	52
Grapefruit, fresh	26,020	8	Free	
Strawberries	24,666	6	6.61¢/kg BNLT 10%	52
Peppers, fresh	23,805	16*	5.31¢/kg BNLT 10%	16
Broccoli, fresh	23,093	10	5.51¢/kg BNLT 10%	16
Cantaloupes	22,000	8*	Free	
Plums, fresh	21,970	14*	3.31¢/kg BNLT 12.5%	12
Cauliflower, fresh	20,817	10	2.21¢/kg plus 5%	46
Almonds	19,903	5	Free	
Onions, fresh	19,827	4	6.61¢/kg BNLT 15%	32
Nectarines, fresh	19,176	14	Free	
Melons	15,217	4*	Free	
Carrots, fresh	14,838	6	1.1¢/kg BNLT 5%	40
Pears, fresh	14,730	7	3.31¢/kg BNLT 12.5%	24
Peaches, fresh	12,444	4	6.61¢/kg BNLT 12.5%	1¢
Raisins, dried	12,429	3	Free	
Pecans, shelled	11,331	7	Free	
Cucumbers, fresh	9,611	11*	4.96¢/kg BNLT 15%	30
Lemons, fresh	9,485	5	Free	
Beans, green	8,860	18*	4.41¢/kg BNLT 10%	14
Asparagus, fresh	7,328	5	12.13¢/kg BNLT 15%	8
Dried prunes & plums	7,147	9	Free	
Cherries, fresh	7,092	8	8.82¢/kg BNLT 12.5%	10
Cabbage, fresh	6,575	5*	2.76¢/kg BNLT 15%	34
Corn, fresh	6,450	3	3.31¢/kg BNLT 15%	12
Blueberries, fresh	6,060	NA	Free	
Spinach, fresh	5,931	NA	Free	
Radishes	4,980	NA	2.21¢/kg BNLT 10%	26
Mushrooms, fresh	4,247	1	9.92¢/kg BNLT 10%	52
Cranberries, fresh	4,105	25	Free	
Pineapples, fresh	3,907	7	Free	
Sweetpotatoes	3,205	5	Free	
Peas, green	2,677	NA	4.41¢/kg BNLT 10%	12
Brussel sprouts	2,607	NA	6.61¢/kg BNLT 12.5%	20
Artichokes	1,788	7	Free	
Apricots, fresh	1,696	13*	5.51¢/kg BNLT 12.5%	10
Wine	7,404	1	4.4¢/liter (13.7% alcohol or less)	
Subtotal	908,034			
Others not listed	233,699			
Total Canadian imports	1,141,733			

1/ Source: Canadian Import Statistics and Canadian Tariff Schedule. 2/ NA = not available. Numbers with asterisk are based on total U.S. fresh shipments rather than production because production utilized fresh is not available for these products. This overstates the proportion of U.S. production exported to Canada because not all production is reported in shipment data. 3/ BNLT = but not less than. Ad valorem percent based on FOB value. 4/ Imported during such period specified by the minister or deputy minister, not exceeding the specified number of weeks in any 12-month period ending 31st of March.

# Major U.S. Horticultural Imports From Canada in 1986

Product (fresh or frozen)	value	Imports from Canada as share of total U.S. production		U.S. duty
		U.S. \$1,000	Percent	
Potatoes	33,511		1.0	35¢/cwt. fresh
Apples	18,280		2.2	Free
Carrots	12,352		4.4	1¢/lb. under 4 in. long; 0.5¢/lb. other sizes
Orange juice, frozen	5,173		NA	20¢/gal. any time
Onions	2,992		1.2	1.75¢/lb. any time
Cucumbers	2,130		0.9	2.2¢/lb. Dec. 1 to Feb. 28; 3¢/lb. Mar. 1 to Nov. 30
Grapes	1,698		1.0	4¢/cu. ft. Feb. 15 to Mar. 15; Free Apr. 1 to June 30, 6¢/cu. ft. any other time
Peas	1,682		NA	Fresh 0.5¢/lb. July 1 to Sept. 30; frozen 0.8¢/lb.
Tomatoes	1,298		0.1	2.1¢/lb. Mar. 1 to July 14 or Sept. 1 to Nov. 14; 1.5¢/lb. any other time
Strawberries	497		0.1	0.2¢/lb. June 15 to Sept. 15; 0.75¢/lb. any other time
Peppers	394		0.2	2.5¢/lb. any time
Beans, green	333		0.1	3.5¢/lb. any time
Asparagus	67		2.2	5% ad valorem Sept. 15 to Nov. 15 (by air); 25% ad valorem Sept. 15 to Nov. 15 (not by air); free any other time
Wine	969		0.3	4.4¢/liter for less than 13.7% alcohol
Subtotal	81,376		--	
Others not listed	281,624		--	
Total U.S. imports	363,000		--	

NA = not available.

Source: U.S. International Trade Commission, *Tariff Schedules of the United States Annotated* (1987), publication 1910.

U.S. grower prices on some products could increase as more domestic supplies are exported.

In 1986, the U.S. shipped Canada 10 percent or more of its fresh grapes, lettuce, celery, broccoli, plums, cauliflower, nectarines, cucumbers, green beans, cranberries, and apricots. Exports of most fresh commodities exceeded 5 percent of U.S. fresh production. The commodities that are now subject to Canada's 10- to 15-percent *ad valorem* import tariff would especially benefit from the FTA.

## U.S. Buys Canadian Apples, Carrots, and Potatoes

By lifting tariffs, the FTA would expose some U.S. producers to greater competition from Canada. The major U.S. imports of horticultural products from Canada in 1986 were fresh apples and fresh or frozen carrots and potatoes.

Imports from Canada exceeded 4 percent of U.S. carrot production and 2 percent of U.S. apple output in 1986.

But, imports of potatoes from Canada were less than 1 percent of total U.S. potato output. Most other imports were also less than 1 percent of U.S. production. Except for fresh apples, duties are charged for commodities imported from Canada.

Generally, the FTA would benefit the U.S. fruit, vegetable, and nut industries. Allowing free competition for fruit, vegetables, and nuts would expand trade in horticultural products between the two countries. [Boyd M. Buxton (202) 786-1885 and Leslie Berger (202) 382-8899]

## Soviets Buy U.S. Soymeal To Cut Protein Deficit

Renewed emphasis on improving the Soviet consumer's diet probably contributed to the USSR's near-record imports of protein feed in 1987. Large imports are also likely in 1988. The emphasis on meat consumption appar-

ently overshadowed the USSR's hard currency constraint and competing needs for Western capital goods.

Several other factors may be helping the U.S. share of the expanding Soviet market, including the improved political relations between the countries and a lower valued dollar. Also, the Soviets have determined that they can best handle shipments that are spread throughout the year. U.S. protein feed is available year-round, unlike that from South America.

## Feed Protein Shortage Persists

The Soviets want to make substantially more livestock products available quickly to encourage workers to commit themselves to the Gorbachev economic reforms, and also to provide a clear sign of the reforms' success. Soviet per capita meat consumption is only about half of U.S.

Hampering the livestock sector is its chronic protein shortage in animal feeds, a shortfall of around 10 million

# Soviet Livestock Production

	1971-75 average	1976-80 average	1981	1982	1983	1984	1985	1986	1987*
Thousand tons									
Meat, slaughter wgt.	14,004	14,843	15,199	15,368	16,449	16,985	17,131	18,057	18,600
Milk	87,446	92,662	88,874	91,044	96,463	97,906	98,608	102,173	103,400
Million eggs									
Eggs, million	51,427	63,133	70,855	72,409	75,110	76,482	77,255	80,746	82,100

\*USSR 1987 Plan Fulfillment Report (preliminary data).

# Soviet Oilseed Area, Yield, & Production

	1976-80 average	1981-85 average	1985	1986	1987 1/	1987 plan 2/	1990 plan
Sunflower- seed area (mil. hectares)	4.471	4.142	4.053	3.941	4.100		
Yield (tons/hectare)	1.19	1.20	1.29	1.34	1.49		
Production (mil. metric tons)	5.309	4.969	5.234	5.280	6.100	6.100	7.400
Rapeseed area (mil. hectares)	.015	.107	.123	.161	.600		
Yield (tons/hectare)	.93	.51	.60	.89	.67		
Production (mil. metric tons)	.014	.055	.074	.144	.400	.690	1.500
Soybean area (mil. hectares)	.811	.818	.738	.741	.775		
Yield (tons/hectare)	.65	.61	.62	.79	.80		
Production (mil. metric tons)	.529	.503	.458	.589	.620	.814	1.000

1/ USDA February forecast. 2/ *Maslichnye kultury*, #3, 1987.

Source: *Vestnik statistiki*, various issues.

tons in soybean meal equivalent, according to the Soviets. Partly because of the shortage, Soviet animals produce one-half to one-third less meat per head than those in Western Europe and the United States.

Western and Soviet analysts concur that improving animal rations—including raising the protein content—will raise productivity, improve feeding efficiency (including that for the large quantities of imported grain), and increase animal product output. More protein in the ration is one reason for the improvement in the livestock sector's performance. The Soviets had record livestock production in 1986 and 1987.

The Soviets announced plans in the early 1980's to overcome the protein shortage by 1990. Those unfulfilled

plans called for significantly greater production of high-protein feeds—including oilseeds, pulses, and single-cell proteins—and a shift in roughage from grasses to alfalfa and clovers. Total Soviet oilseed production has been between 10.3 and 11.1 million tons in recent years and consists primarily of sunflowerseed and cottonseed, and to a lesser extent flaxseed and rapeseed.

In the 1980's, production of sunflowerseed, the major oilseed, has averaged below the 1976-80 level of 5.3 million tons, consistently failing to meet plan goals. Although attempts to increase soybean and rapeseed production finally showed modest success in 1987, the crops accounted for less than 1 million tons and continued to fall well

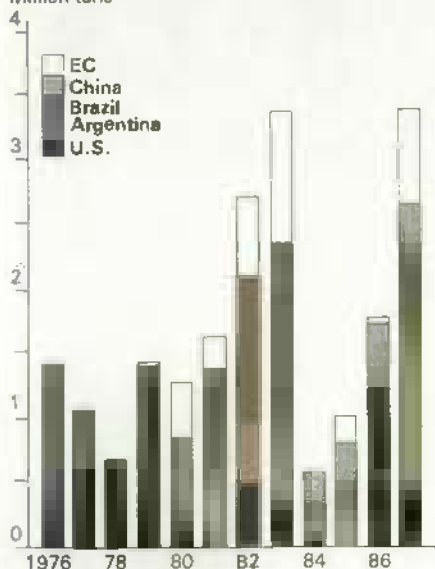
below goal. Even so, livestock inventories have increased about 10 percent from the 1976-80 annual averages, supported by imported protein and grain feeds.

## United States Benefits

The Soviets began large imports of protein feeds, mainly soybeans and soybean meal, in the second half of the 1970's. After a sharp and inexplicable drop in 1984, they resumed imports in 1985. In meal equivalent, 1987 imports almost matched 1983's record 3.4 million tons. This was despite the hard currency constraint

## USSR Turns Again to Imports For Soybeans and Meal

Million tons\*



\* Soybean meal equivalents. 1987 estimated.

that developed in 1986; the constraint keeps total Soviet imports of all goods from the West below the 1981-85 average of \$19 billion.

The Soviets could buy protein feeds from U.S. competitors. Supplies of other exporters are apparently adequate to meet the likely increase in Soviet imports this year. The soybean crops in Brazil and Argentina are expected to be a record in 1988, and China's 1987 crop was also good. Furthermore, EC soybean stocks available for crush are large. The Soviets, however, have turned to the U.S. market.

In November 1987, the USSR purchased a record 1.3 million tons of U.S. soybean meal and 800,000 tons of U.S. soybeans, primarily for shipment this calendar year. The U.S., which had not sold soybean meal to the Soviet Union since 1979, increased its share of the Soviet soybean meal market to nearly 15 percent in 1987 and may account for about 50 percent in 1988. [Kathryn Zeimet and Christian Foster (202) 786-1620]



## General Economy

Real consumer and Government spending slowed in 1987, but inflation-adjusted exports surged and business plant and equipment spending recovered from 1986's decline. As a result, real GNP growth matched the 2.9-percent rate of 1986 and the expansion pushed into its sixth year.

The slowing rate of consumer spending—1.8 percent in 1987, compared with 4.2 in 1986—and a run-up in inventories in the fourth quarter led some analysts to forecast a recession in early 1988. In the near term, whether or not a recession comes depends largely on whether exports, which grew 12.8 percent in 1987, can continue to offset expected weakness in consumer spending. Over the longer term, slowing consumer and Government spending should help reduce both the net export and Federal budget deficits.

### Production and Employment Gained in 1987

Surging exports and rising investment spurred industrial production, which grew over 5 percent during 1987, in contrast to an anemic 0.9 percent in 1986. Capacity utilization rose 2 percentage points, reaching 82.1, the highest since 1980.

As capacity utilization rises, so does the incentive to invest in new plants and machinery to meet rising demand, and investment spending rises even

more. This sequence is likely during 1988. A survey of investment plans for 1988, conducted by the Bureau of Economic Analysis, indicated an increase of more than 7 percent; if realized, this gain would be the fastest investment growth since 1984.

Employment in goods-producing industries rose in response to the increase in demand for export and investment goods. Compared with a 178,000-job loss in 1986, last year saw payrolls in goods-producing industries increase by 204,000 jobs, a 0.8-percent gain.

Service job growth matched its 3.1-percent rate of 1986. Job growth made the civilian unemployment rate slip 0.8 percentage points during 1987, reaching 5.8 percent by yearend, the lowest rate since 1979. Overall job growth (civilian and military) was 2.6 percent in 1987, slightly ahead of 1986's 2.2 percent.

### Income Growth Slows

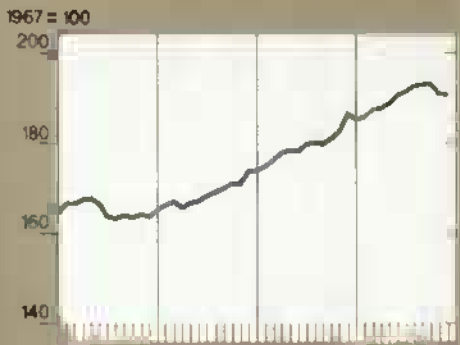
Despite faster employment growth, which tends to accelerate personal income growth, personal income grew more slowly in 1987 than in 1986 (6.0 compared with 6.2 percent). Total wages and salaries are closely related to job growth and account for nearly 60 percent of personal income; they grew faster in 1987 than in 1986 (5.9 percent compared with 5.8).

But, other components of personal income grew more slowly. Government transfer payments, which accounted for 14 percent of personal income in 1987, grew only 4.8 percent, compared with 5.8 in 1986. Falling interest rates over the last 2 years contributed to slowing interest income growth (3.7 percent in 1987, compared with 4.4 in 1986). Interest income accounted for 13.8 percent of total personal income in 1987.

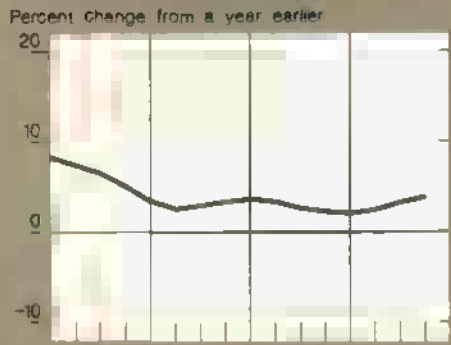
While the slowdown in personal income growth was small in nominal terms, it was dramatic after adjustment for inflation. Real disposable personal income grew only 1.2 percent in 1987, compared with about 4 percent in 1986. Higher inflation in 1987 resulted mainly from a rebound in energy prices and rising import prices. The overall CPI rose 4.2 percent, compared with 1.9 in 1986.

General Economic Indicators

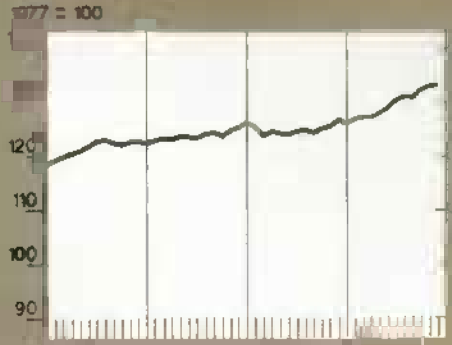
Composite leading economic indicators



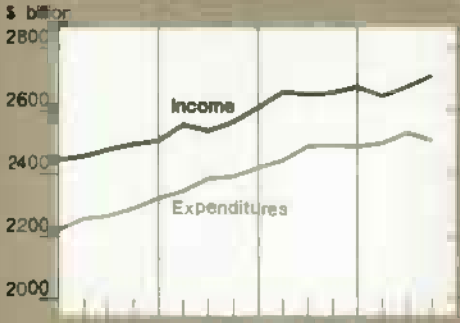
Gross national product<sup>1</sup>



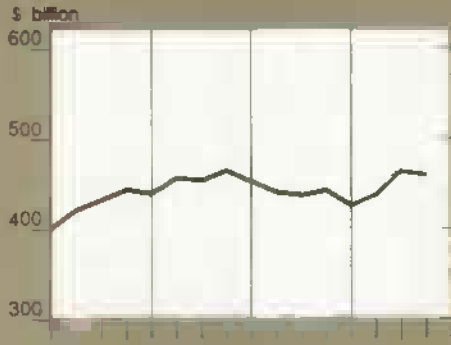
Industrial production



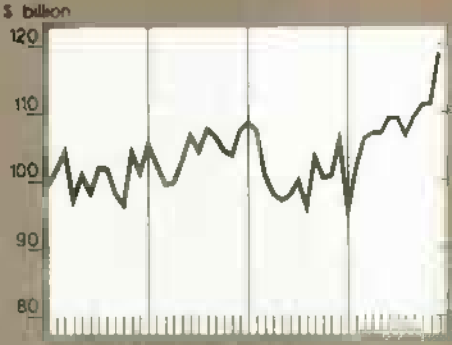
Disposable income and consumption expenditures<sup>2</sup>



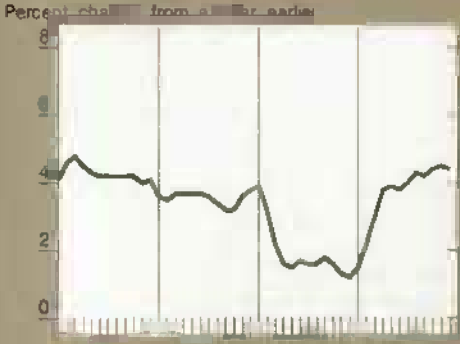
Nonresidential fixed investment<sup>2</sup>



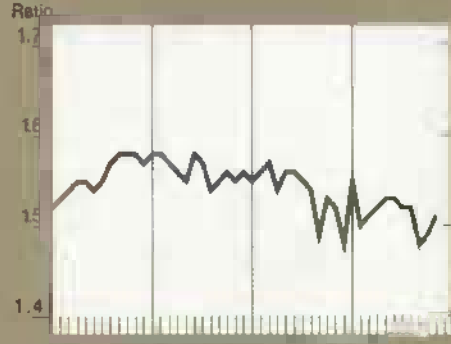
Manufacturers' durable goods orders<sup>3</sup>



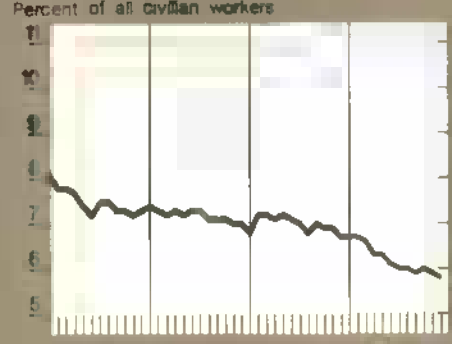
Consumer price index



Inventory/sales<sup>4</sup>



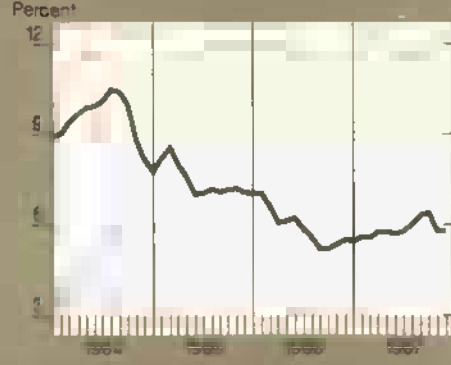
Unemployment rate<sup>5</sup>



Money supply (M1)



3-month Treasury bill rate



Savings rate<sup>7</sup>



<sup>1</sup>Percent change from a year earlier in 1982 dollars. Seasonally adjusted annual rates. <sup>2</sup>Billions of 1982 dollars, seasonally adjusted at annual rates.  
<sup>3</sup>Nominal dollars. <sup>4</sup>Manufacturing and trade, seasonally adjusted, based on 1982 dollar. <sup>5</sup>Seasonally adjusted.  
<sup>6</sup>Calculated from disposition of personal income in 1982 dollars, seasonally adjusted at annual rates.  
Sources: U.S. Dept. of Commerce, U.S. Dept. of Labor, and the Board of Governors of the Federal Reserve System.

Consumer prices for energy jumped 8.2 percent, compared with a 19.7-percent decline in 1986. The jump was mainly the result of crude oil price increases. In July 1986, the domestic well-head price of crude oil was \$9 per barrel; by July 1987, it was \$17, an 89-percent increase.

Import prices rose appreciably faster in 1987 than in 1986, indicating that the dollar's fall had finally begun affecting prices. By the fourth quarter, import prices were almost 9 percent higher than a year earlier, compared with a 2.7-percent decrease from fourth-quarter 1985 to fourth-quarter 1986.

A depreciating dollar puts upward pressure on import prices because more dollars are required to buy the foreign currency needed to purchase foreign goods. There can be some lag between the time the dollar begins falling and the time import prices begin rising. The dollar reached a peak against most other currencies in February 1985 and has slipped almost continuously since; import prices began rising quickly about 18 months later.

Interest rates stopped their nearly 3-year descent in 1987. Three-month Treasury bill rates reached a monthly average low of 5.2 percent in October 1986 and rose slowly but steadily through most of 1987. Other rates mirrored the 3-month Treasury rate. By October 1987, just before the record stock price decline, the 3-month rate reached nearly 7 percent. Longer term rates rose more than shorter rates, suggesting that investors were worried about longer term inflation.

The rising trend in interest rates was broken after October's stock price collapse, when the Federal Reserve Board increased the reserves of the banking system in order to stop a general financial panic. Interest rates promptly fell by about a percentage point, finishing the year only slightly above where they began.

#### **Outlook Is Unclear**

The outlook for the next 18 months is murky, partly because the economy will continue the transition begun in 1987 and partly because it is difficult to assess the effects of the unprecedented stock price decline.

Fourth-quarter statistics indicated a rise in business inventories, which could mean slower production growth in 1988. Slower production would slow employment, reducing personal income growth and further reducing consumer demand. On the other hand, export industries continue to enjoy rising orders and high rates of capacity utilization, which suggests future hiring and more investment spending.

Predicting which of these offsetting forces will predominate, and over what period, is the nub of the difficulty. Policy actions can decide the issue. For example, an easier monetary policy over the next 6 months would allow interest rates to fall, propping up spending on housing, consumer durables, and business investments. Under this scenario, real GNP would likely grow 2 to 3 percent, with inflation rising between 3.5 and 4.5 percent.

The Federal Reserve may change its policy based on changes in the value of the dollar. If the dollar declines quickly, the Fed may try to stem the decline in order to hold down inflation. One way to do this is to tighten the money supply to drive up interest rates—thus making U.S. financial assets more appealing to foreigners and increasing the demand for dollars. However, the rising interest rates likely would raise costs of production and hurt real growth and employment.

Because agriculture is export dependent, it is likely to benefit more than other sectors of the economy from a scenario of slightly lower interest rates and higher export demand. Inflation-adjusted exports of food, feed, and beverages grew more than 30 percent in 1987, while real merchandise exports in total rose 17.5 percent.

Even with some softness in domestic demand, the farm sector could find itself facing higher overall demand, slightly falling or stable interest rates, and moderate increases in input prices. The most likely outlook is for the general economic factors to provide modest support for the farm sector in 1988. [Ralph Monaco (202) 786-1784]



## **Resources**

### **FARMLAND VALUES STRENGTHEN**

The land market strengthened during August-October 1987 from the quarter before. A national survey supports the many State and regional surveys showing increasing land values. Based on these surveys and others soon to be available, average national land values in 1987 likely increased for the first time since 1982. Strongest gains probably occurred in the North Central and Northeast regions.

The national results for the August-October quarter came from a survey of rural farm appraisers conducted in early November by the University of Wisconsin for the Economic Research Service. Over one-third of the respondents indicated that land values rose during the August-October quarter, while over one-half considered values unchanged. Less than a tenth indicated lower values.

The responses point to a strengthening of the market from May-July, when only 28 percent thought values had gone up and nearly 18 percent thought they had dropped. Sales activity during August-October was comparable to that reported for the preceding 3 months.

Appraisers expected movements in land values during November-January to be similar to those for August-October, and they were generally optimistic that land values also would

improve during 1988. Nearly 65 percent expected values to increase during the 12 months beginning November 1, while only 16 percent anticipated lower values. Three months earlier, about 55 percent had expected higher values in the upcoming year and 17 percent had expected lower.

### Regional Indicators Mixed

The greatest market strength for the August-October quarter was in the Northeast, where increasing values over the preceding 5 years ran counter to the national trend. The North Central land markets also turned up; nearly all respondents indicated stable or increasing land values. Land markets in the South and West did not strongly indicate a turnaround.

Rural appraisers' expectations for November-January closely followed their reports of changes in the preceding quarter. Appraisers in the Northeast expected continued increases in values. Those in the North Central and the West were somewhat less optimistic. About 44 percent of the North Central respondents thought values rose during August-October while only 35 percent expected values to increase during November-January. Respective estimates for the West were 16 and 10 percent.

Appraisers in the South expected somewhat lower values. Nearly 12 percent thought values were lower during August-October and about 22 percent expected values to be down during November-January. About 14 percent indicated value increases for both periods.

### Federal Reserve Bank Surveys Support Quarterly Changes

Third-quarter surveys by several Federal Reserve banks tend to support the national survey. The Federal Reserve Bank of Chicago, representing Iowa and parts of Illinois, Indiana, Wisconsin, and Michigan, reported that values for good farmland increased just over 3 percent during the third quarter, compared with a 2-percent gain in the preceding quarter.

Nearly three-fourths of the Chicago respondents described the current trend in farmland values as stable, 24 percent thought the trend was upward, and only 2 percent reported downward movement. A survey conducted by the University of Illinois on Corn Belt land values showed increases for above-

### Rural Appraisers' Survey of Agricultural Land Values, November, 1987\*

Percent of respondents reporting that value during Aug. 1-Oct. 31, 1987, relative to quarter before, had:

Increased	Not changed	Decreased
37	54	9

Percent of respondents expecting values during Nov. 1, 1987-Jan. 31, 1988 to:

Increase	Stay the same	Decrease
34	57	9

Percent of respondents expecting values during Nov. 1987-Nov. 1988 to:

Increase	Stay the same	Decrease
63	21	16

\*Rural appraisers surveyed were members of the American Society of Farm Managers and Rural Appraisers. More than 500 appraisers participated in the survey.

average-quality land for the year ending October 1. Strongest gains were in Iowa. Respondents in all States served by the Chicago bank expected higher values in the upcoming 12 months.

Agricultural bankers in the Minneapolis district (Montana, the Dakotas, Minnesota, and northern Wisconsin) indicated no third-quarter increase from the 1.5-percent gain in nonirrigated land values that had occurred in the preceding quarter.

Values for nonirrigated land in the Kansas City district (Kansas, Nebraska, Wyoming, Colorado, Oklahoma, northern New Mexico, and western Missouri) were nearly 2 percent higher in the third quarter, about the same increase as in the second quarter. Third-quarter changes in the Kansas City district ranged from a 4-percent reduction in Missouri to a 4.5-percent increase in Oklahoma.

The Federal Reserve Bank of Dallas, which includes Texas, southern New Mexico, and northern Louisiana, reported higher values for some portions of the district but lower values overall. Improved cotton prices probably strengthened land values in cotton-producing areas. District values for nonirrigated cropland were down just over 2 percent in the third quarter, a continuation of the 2-percent drop during the second quarter. Irrigated cropland values were down close to 2 percent, while ranchland values were nearly unchanged from the preceding quarter.

In an October 1987 survey by the University of Florida, third-quarter cropland values were reported lower in Florida, Alabama, and South Carolina. Values were higher in Georgia. Prices for improved permanent pasture were nearly unchanged in all States during the second and third quarters.

### Some Uncertainties Remain for 1988

Farmland values in 1988 will be affected by several factors. On the upside, the demand for farm products is rising, particularly for exports, and more manageable stock levels of major crops may improve commodity prices. The Conservation Reserve Program seems to be strengthening prices for lower quality cropland in some areas. About 23 million acres had been enrolled in the program prior to February's signup.

However, farm income is forecast to be down from the 1987 record level. Government payments accounted for nearly 30 percent of net cash income in 1987. Target prices and loan rates for wheat and feed grains will be down about 3 percent in 1988. Current legislation calls for further reductions in 1989. Credit for buying land is available, but interest rates edged slightly upward in late 1987 and could go higher in 1988 if monetary policy is tightened to support the price of the dollar.

USDA estimates of February 1988 land values will be released in mid-April. [Roger Hexem (202) 786-1419]



## Farm Finance

### MORE THAN A FACELIFT FOR THE FCS

The Agricultural Credit Act of 1987 heralds substantial changes in the character of the Farm Credit System (FCS). While Federal assistance allows the FCS to operate in the short run, the help is not cheap. Changes include a reorganization of the system, additional rights for its borrowers, and additional measures to ensure the institution's future.

#### *Act Sets Reorganization, Establishes "Farmer Mac"*

Within the next 6 months, Federal Land Banks and Federal Intermediate Credit Banks must merge. Other mergers, between institutions and between districts, may soon follow, subject to voter approval. The Banks for Cooperatives must also decide whether to consolidate.

Regulatory responsibilities and powers of the Farm Credit Administration will expand along the lines of those already existing for other types of financial institutions. Newly created institutions will include an insurance corporation to insure debt obligations of the system. Separately, an assistance board is formed to administer the legislated bailout of the FCS and ensure that the parts of the system receiving aid take necessary steps to reduce costs.

Additionally, the new secondary market for agricultural real estate loans and certain rural housing loans will lead to the creation of a Federal Agricultural Mortgage Corporation (which has already been dubbed "Farmer Mac"), an autonomous institution within the FCS.

Reorganizing the FCS will reduce overhead cost as the number of FCS entities declines. Farmer Mac is expected to bring in additional income. However, there will be added costs associated with the new administrative entities. Overall, the changes should result in a more efficient implementation and delivery of loans.

#### *Insurance Emphasized*

In addition to other structural changes, the act provides for a shift in the method of assuring continued successful operation of the system. Insurance against operational failure is targeted to a number of areas. A fund internal to the FCS will be created to guarantee against default on system debt issuances.

The new act requires FCS institutions to build up equity in order to decrease interest rate exposure and stabilize net income. Banks will be able to charge loan origination fees and issue nonvoting, at-risk stock to raise the capital to meet FCA-determined standards. Borrowers will not be allowed to withdraw stock as their loans are repaid, and nonborrowers will be able to purchase nonvoting stock.

The new act addresses the rights of borrowers with respect to both the supply of credit and foreclosure on delinquent loans. Banks are required to restructure distressed loans if the cost of doing so is less than foreclosure. The FCS is required to notify borrowers of their right to have their loans restructured.

#### *Fundamental Shifts May Occur In FCS's Character*

How will these changes redefine the FCS market niche? Some of the effects:

- A more streamlined FCS will compete better in local loan markets.
- Decentralization places increased responsibility on district and association managers; however, if consolidation greatly reduces the

number of local FCS associations, the individual borrower/owner will have less influence.

- Expanded borrower rights may result in tighter credit standards.
- The secondary market may also encourage FCS lenders to take a closer look at the riskiness of loan applications processed, since only mortgages that pass certain standards will be eligible for pooling.

Will the new character of the FCS enhance its ability to cope with adverse conditions in the agricultural credit market? The FCS's current difficulties arose from the simultaneous occurrence of two detrimental events: the collapse in the farm economy, and FCS issuance of long-term bonds with high interest rates.

The FCS will likely be more capable of coping with a recurrence of the first of these problems as capital is rebuilt. If proportionately more income is generated from loan origination fees and the sale of noninsured stock, the adverse consequences of borrower default will be less of an issue.

The second problem—the negative effect of unanticipated changes in interest rates—may not be substantially reduced by FCS legislation. The new requirements call for a high level of capital that can easily be drawn on during downswings. The level of capital is probably not as important as the stability of capital (immunity from investor flight), since prior to the mid-1980's the system had developed a very large capital stock without legislated prompting.

Will the reorganization make more self-help possible? Under the old system, most channels for interbank help broke down. Capital preservation agreements, which specified the "joint and several liability" contracts behind system bonds, ceased functioning less than a year after they were activated. The Capital Corporation mandated by the Farm Credit Act of 1985 to promote interbank capital sharing was able to assess about \$300 million, but was able to collect only \$175 million. It actually dispensed only \$10 million.

Under previous legislation, sharing of capital among individual FCS institutions ran counter to the responsibility

that they had to their stockholders. The 1987 act permits a more flexible organizational structure while at the same time requiring continuous, rather than sporadic, shared financial responsibility. Triggering of capital assessment during particularly adverse market conditions is replaced with risk-based insurance for bondholders and ultimately for the Treasury. Existing borrower stock is guaranteed for 5 years.

The Agricultural Credit Act of 1987 provides FCS institutions with two new sources of funds. One is the secondary market. FCS institutions will earn additional fees by acting as poolers in the secondary market. The second source is the institutions' new ability to issue stock and charge fees for originating loans.

Reorganizing the system will decrease overhead costs. However, insurance premiums, repaying Federal assistance, and meeting capitalization standards will put added pressure on revenues. The net long-term effect of the legislated changes depends on the response of FCS managers and the performance of the farm sector.

In the short run, financial assistance offered by the legislated bailout loan (up to \$4 billion) will keep the FTC on its feet. An initial 5-year period during which the Treasury will pay the interest on the money borrowed, and a second, similar period during which the Treasury and the FCS will share interest payments, should provide enough leeway for the FCS to recover. (Merritt Hughes (202) 786-1892)

## CREDIT LEGISLATION GOES BEYOND THE FCS

The cornerstone of the Agricultural Credit Act of 1987 is an extensive reorganization and financial assistance package for the troubled FCS. Yet there are other important, less publicized provisions.

These include the creation of two secondary markets for farm real estate loans, a package of rights and additional benefits for Farmers Home Administration (FmHA) borrowers, a new FmHA lending program, and Federal funding of State farm mediation programs. These provisions can help farmers, especially those who face foreclosure or who have lost their farms.

## Secondary Market Lowers Lenders' Risk

The legislation establishes the Federal Agricultural Mortgage Corporation, or Farmer Mac, as part of the FCS. Farmer Mac will be responsible for establishing a secondary market for farm real estate loans and certain rural housing loans. A separate but parallel secondary market for FmHA-guaranteed farm debt is to be established and administered by the Secretary of Agriculture.

In a secondary market, loans are resold. First, lenders make loans to borrowers—the primary market. Then they sell the loans to investors—the secondary market. Farmer Mac will encourage some lenders (poolers) to purchase loans from other lenders (originators), and then issue securities based on the pooled income. All loans must meet Farmer Mac appraisal and underwriting standards to be eligible for pooling.

Most lenders, such as FCS institutions and life insurance companies, are eligible to be originators or poolers. Commercial banks may be originators, but are not allowed to issue securities and so are barred from being poolers.

Loan originators or poolers must retain a 10-percent interest in the pooled loans. Farmer Mac will guarantee the poolers against default on a loan beyond the first 10 percent of the principal, and will guarantee investors timely payment of principal and interest on the securities representing the loan pools. The legislation gives Farmer Mac the ability to borrow up to \$1.5 billion if necessary to provide these guarantees.

Farmers, investors, and lenders all stand to benefit from an efficient secondary market. Farm lenders—particularly those with limited supplies of funds, such as small rural banks—benefit from being able to make additional loans by selling existing ones.

Moreover, a secondary market may provide lenders with attractive origination and servicing fees, greater opportunities to diversify investments, and a hedge against interest rate changes. These advantages lower lenders' risks from future downturns in the farm economy.

The secondary farm mortgage market may heighten competition among farm lenders by attracting new lenders. On the other hand, some current lenders may decide to decrease their role in offering credit to farmers. For example, life insurance companies, which have been a major source of credit for farmers, may choose to purchase securities in the secondary market rather than make loans directly.

For farmers, the secondary market may yield greater access to funds at fixed, commercial rates. Over time, interest rates, loan terms, and lending standards may vary less among lenders and regions because the secondary market will help standardization. The cost of credit could fall as competition rises and as specialization increases the efficiency of loan administration and pricing.

Although the new secondary market is designed to help farmers, not all producers necessarily will benefit. Financially strapped farmers unable to meet required loan-underwriting standards likely will receive few direct benefits. Lenders may be reluctant to offer credit to these farmers, or may charge them higher interest rates.

The benefits from a secondary market will be governed by Farmer Mac's underwriting standards and by the volume of loans sold. Volume, in turn, will be affected by farm mortgage demand, which recently has been very weak. Since the FCS originates more than half of all new farm mortgages each year, its participation will be important in obtaining sufficient loan volume.

In comparison to housing mortgages, the volume of farm mortgages available for a secondary market is small. If loan underwriting standards are too strict, an insufficient volume of loans will qualify for pooling, preventing an efficient market from developing.

On the other hand, if the standards are lax, investor confidence in the securities will be low. Underwriting standards will be watched by investors because, unlike housing loans, farm mortgages are business loans to a single industry with cyclic changes in income. Thus, the risk of default is greater in the farm mortgage market than in the housing market.

By forcing strict underwriting standards on lenders, and by dispersing

## Chapter 12's First Year

Chapter 12—the bankruptcy provision that allows farmers to restructure their debts under specially designed rules—has been in effect for slightly over a year. Some of its effect on farmers and their lenders is now apparent.

### *Bargaining Power Increases*

The largest number of financially strapped farmers appear to benefit from Chapter 12 through the increased negotiation power they now have with their lenders, rather than through actually filing a case. With Chapter 12 looming, many lenders agree to debt writedowns and restructuring in out-of-court settlements with their farm debtors.

Even so, 5,741 farmers filed Chapter 12 bankruptcy cases during the first 10 months the provision was available. After a vigorous beginning, the number of farmers filing tapered off last summer. This may reflect an increasing willingness among lenders to negotiate, or it may be a seasonal decline. Regardless, Chapter 12 appears to be helping to forestall farm failures.

### *Tax Consequences Unclear*

Confirmation by bankruptcy courts of farmers' debt reorganization plans has varied across the country. Some courts are confirming large numbers of these plans, while others are not. Differing legal interpretations by the courts explain much of this variation. Legal confusion over Chapter 12 rules and procedure abounds.

For farmers, the income tax consequences of discharging their debt, selling their assets, and several other facets of bankruptcy remain largely unsettled. Internal Revenue Service rulings and court decisions are still pending on many tax issues, making a reorganization plan more uncertain. Uncertainty stems from the inability

## Chapter 12 Bankruptcy Filings

Region	3-month period ending				
	12/32/86*	3/31/87	6/31/87	9/31/87	Total
Northeast	9	31	35	12	87
Lake States	50	141	171	78	440
Corn Belt	103	477	447	159	1,186
Northern Plains	148	652	429	252	1,481
Appalachian	92	201	143	58	494
Southeast	47	126	119	30	322
Delta States	44	201	184	84	513
Southern Plains	41	148	80	96	365
Mountain States	42	202	204	84	532
Pacific States	24	128	93	76	321
U.S. total	600	2,307	1,905	929	5,741

\*Chapter 12 was enacted November 26, 1986.

Source: U.S. Federal Court System.

of farmers to create a separate tax entity after a Chapter 12 filing. Under a regular bankruptcy filing, the bankrupt business becomes a separate, recognized tax entity with clearly defined tax liabilities.

Aside from the unresolved tax issues, the acid test of how much farmers benefit from Chapter 12 will occur when payments under the confirmed debt-restructuring plans come due. Scheduled payments of the earliest confirmed cases are just now coming due. Some farmers will be unable to make these payments, leading to court petitions for payment adjustments or forcing liquidation. If a high proportion of farmers are able to make restructured payments, Chapter 12 will have been a major benefit.

### *Lending Practices Change*

Some lenders are reacting to Chapter 12 by tightening their standards for new loans, screening farmers more closely, and requiring more collateral. However, it is difficult to determine how much of the tightening is due to Chapter 12 and how much to the general deterioration of farm loan quality.

Some critics of Chapter 12 had feared that it would raise interest rates on all

farm loans and restrict credit supplied to farmers. There is little aggregate evidence supporting those fears. Lenders have remained active in farm lending, and competition for sound farm loans remains keen. However, some financially strapped farmers are facing higher interest charges or reduced credit availability.

Farmers benefiting the most from Chapter 12 appear to be those who borrowed heavily to purchase farmland at peak values. Principal writedown to collateral value on these unmanageable real estate loans has been substantial. For the most part, these writedowns accelerate lender losses that would occur if foreclosure were initiated. Nonetheless, lenders forced to write down loans lose any claim to future appreciation in farmland values if the land has been loan collateral.

As expected, unsecured creditors may fare poorly in the reorganization plans, with typical repayment of their loan principal running only 1 to 4 percent. In contrast, fees paid to lawyers and the required Chapter 12 trustee are often high, making a farmer's reorganization plan even more burdensome to the lending institution. [Steven R. Koenig (202) 786-1893]

loan default risk, a well used secondary market could help avert future financial difficulties for farm lenders.

### **State Mediation Programs Receive Federal Funding**

To stem farm foreclosures, some States have instituted farm mediation programs. The Agricultural Credit Act encourages States to adopt such programs by providing up to \$500,000 a year in matching grants to qualifying programs. Under mediation, the debtor and creditors are required to participate in good-faith bargaining to resolve debt repayment problems.

Some States have reported success in bringing farmers and lenders together. Even so, the programs have been criticized. Some critics worry that mediation furthers debtors' questioning of their current and future obligations to their lenders. With farm financial stress now abating, States could be reluctant to establish such programs.

### **FmHA Changes Assist Farmers**

Much of the new legislation covering the Farmers Home Administration assists the most financially strapped FmHA borrowers. A new package of borrower rights policies is designed to help them forestall foreclosure and continue to farm or maintain possession of their farm. Meeting this objective, however, could be costly to taxpayers.

The new law aims at recognizing and minimizing FmHA loan losses, yet allows borrowers to continue farming. Thus, it obligates FmHA to restructure delinquent loans by writing them down to the Government's net collateral value, whenever this is cheaper to the Government than foreclosure. This policy could force FmHA finally to recognize hefty loan losses.

FmHA's role in providing subsidized credit to the farm sector is strengthened by the legislation. It extends until 1993 the Interest Rate Buydown program, which helps alleviate interest rates on loans made by other lenders.

A 3-year joint program with the FCS enables qualifying farmers to purchase FCS-acquired farmland with

loans guaranteed by FmHA at subsidized interest rates. Producers with low-equity, family-size farms are also given preference in purchasing farmland from FmHA. [Steven R. Koenig (202) 786-1893 and Stephen W. Hiemstra (202) 786-1897]

### **Upcoming Releases From the Agricultural Statistics Board**

The following list gives the release dates of the major Agricultural Statistics Board reports that will be issued by the time the April *Agricultural Outlook* comes off press.

#### **March**

- 3 Egg Products  
Poultry Slaughter
- 4 Celery  
Dairy Products
- 8 Vegetables
- 9 Crop Production
- 11 Livestock Slaughter-  
Annual
- 14 Turkey Hatchery
- 15 Potato Stocks
- 16 Milk Production
- 18 Cattle on Feed  
Catfish  
Cold Storage-Annual
- 21 Cold Storage
- 22 Hop Stocks  
Vegetables
- 23 Eggs, Chickens, & Turkeys
- 25 Wool & Mohair  
Livestock Slaughter  
Hatchery Production-Annual
- 28 Peanut Stocks & Processing
- 30 Agricultural Prices
- 31 Prospective Plantings  
Grain Stocks  
Hogs & Pigs  
Rice Stocks



### **Recent Publications**

The following reports are available FOR SALE ONLY from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Order by report title and number. Make checks payable to Superintendent of Documents. Prices subject to change. Bulk discounts available. For faster service or further information call GPO's order desk at (202) 783-3238 and charge your purchase to your VISA, MasterCard, Choice, or GPO Deposit Account.

An Assessment of Marketing Loan Program Options, AER 581. (Price \$2.00.) Stock Number 001-019-00563-7.

Major Statistical Series of the U.S. Department of Agriculture, Volume 10: International Agricultural Statistics. (Price \$1.50.) Stock Number 001-019-00525-4.

Agricultural Irrigation and Water Supply, AIB-532. (Price \$5.00.) Stock Number 001-019-00552-1

Agricultural Input Industry Indicators in 1974-85: Expansion and Contraction, AIB-534, (Price \$1.75.) Stock Number 001-019-00554-8.

World Agricultural Trade Shares, 1962-85, SB-760. (Price \$14.00) Stock Number 001-019-00556-4.



## Food and Marketing

### FOOD PRICE OUTLOOK

Retail food prices in 1988, as measured by the Consumer Price Index, are expected to rise 2 to 4 percent above 1987, which saw a 4.2-percent increase over 1986. Factors contributing to the slower rise this year are lower prices for some key commodities, slower increases in processing and distributing costs, and little change in consumer demand.

Larger supplies of pork, poultry, and certain fresh fruits and vegetables will help hold food prices down. These commodities have a strong influence on the CPI for all food.

Retail pork prices are expected to average 4 to 8 percent below last year, and poultry prices 7 to 10 percent below. Larger supplies and lower prices of apples and pears will offset

### Changes in Food Prices, 1985-88

	1986	1987	1988 forecast
<b>Consumer Price Indexes</b>			
	Percent change from a year earlier		
All food	3.2	4.2	2 to 4
Food away from home	3.9	4.0	3 to 5
Food at home	2.9	4.3	0 to 2
Meat, poultry, & fish	4.3	6.4 <sup>a</sup>	-1 to -3
Meats	3.2	7.5	-2 to -4
Beef & veal	0.6	7.6 <sup>a</sup>	-1 to 1
Pork	8.2	8.2	-4 to -8
Other meats	2.6	6.3	-1 to -3
Poultry	7.5	-1.5	-7 to -10
Fish & seafood	9.2	10.6	8 to 12
Eggs	6.9	-5.9	1 to 3
Dairy products	0.2	2.5	-1 to 2
Fats & oils	-2.2	1.5	1 to 3
Fruits & vegetables	0.9	8.8	0 to 2
Fresh fruits	2.1	11.3	-1 to -3
Fresh vegetables	4.0	12.9	-2 to -4
Processed fruits & vegetables	-1.6	3.5	2 to 4
Sugar & sweets	3.2	1.8	1 to 3
Cereals & bakery products	2.8	3.5	3 to 5
Nonalcoholic beverages	5.9	-2.6	2 to 4
Other prepared foods	2.6	4.2	3 to 5

Source of historical data: Bureau of Labor Statistics, U.S. Department of Labor.

Forecasts: Economic Research Service, U.S. Department of Agriculture

continued high orange prices, bringing the CPI for fresh fruit down slightly. Larger supplies of fresh vegetables will push vegetable prices down a little.

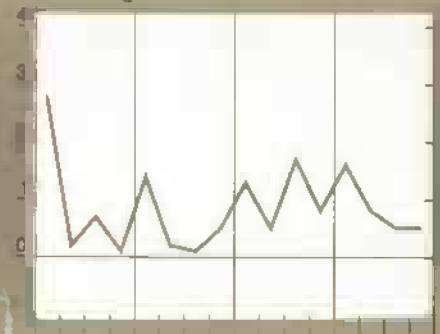
Processing and marketing costs account for about two-thirds of the consumer's food dollar. Labor accounts for half of these costs, with packaging, transportation, and energy taking most of the rest. During 1988 these costs are expected to increase about 5 percent. Part of the marketing cost rise will come from 3- to 4-percent higher input prices. Also, more inputs will be used, such as the added labor to maintain the new salad bars installed in some grocery stores.

Consumer demand for food is not expected to gain considerably in 1988. Population will grow less than 1 percent and disposable personal income is expected to be up about 2 percent. The unemployment rate probably will decline slightly. [Ralph Parlett (202) 786-1870]

# Food and Marketing Indicators

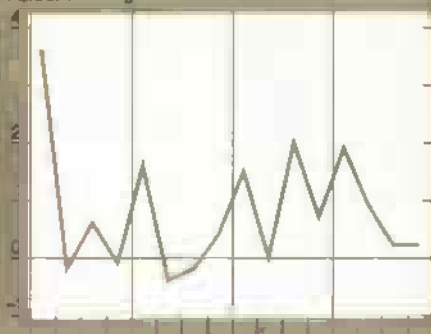
CPI: Total food<sup>o</sup>

Percent change



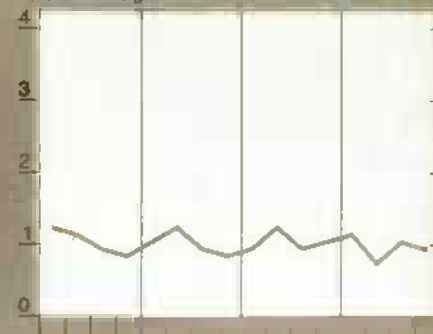
CPI: Food at home<sup>o</sup>

Percent change



CPI: Food away from home<sup>o</sup>

Percent change



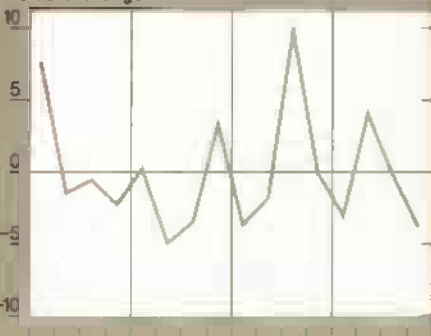
Retail cost of food<sup>1</sup>

Percent change



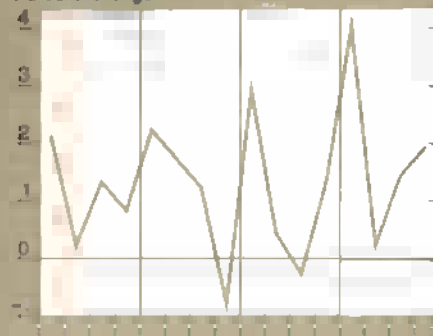
Farm value of food<sup>1</sup>

Percent change



Farm-retail spread<sup>1</sup>

Percent change



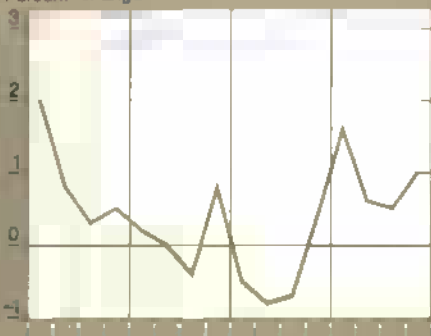
Farm value/retail cost<sup>1</sup>

Percent change



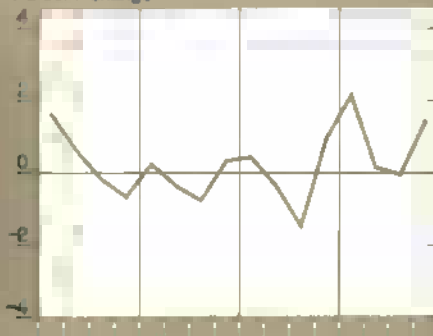
Food marketing cost index<sup>2</sup>

Percent change



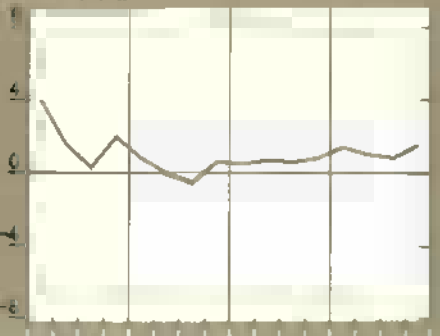
Index of hourly earnings<sup>3,4</sup>

Percent change



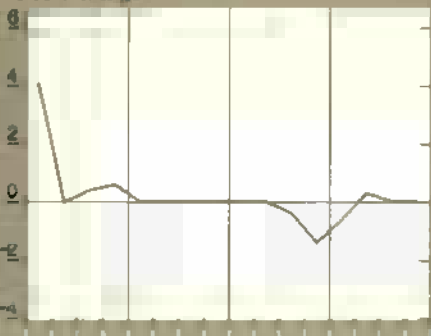
Index of packaging prices<sup>4</sup>

Percent change



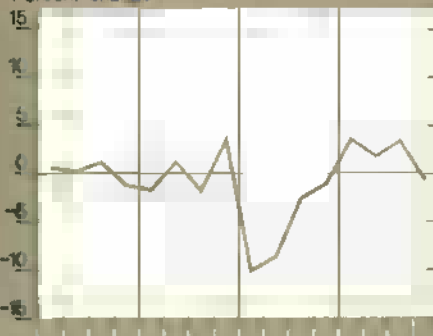
Index of rail freight rates<sup>4</sup>

Percent change



Index of energy rates<sup>4</sup>

Percent change



<sup>o</sup>CPI unadjusted. <sup>1</sup>Index based on market basket of farm foods.

<sup>2</sup>Index of changes in labor, packaging, transportation, energy, and other marketing costs.

<sup>3</sup>In food retailing, wholesaling, and processing. <sup>4</sup>Component of food marketing cost index.

All series expressed as percentage change from preceding quarter, except for "Farm value/retail cost" chart.

March 1988



## A Survey of Resource & Environmental Policies Affecting Agriculture

Agriculture can be profoundly affected by national policies or programs that do not directly concern farming. Witness the effect of easier monetary policy in reducing interest rates, lessening the value of the dollar, and consequently increasing the competitiveness of U.S. agricultural exports. In coming years, resource and environmental policies will increasingly affect the profitability, structure, and long-term sustainability of farming.

Natural resource policies affect the use, value, and quality of the ingredients of agricultural production—land, soil, and water. Environmental policies are directed toward broader concerns, including protection of human health, but can affect agriculture when production inputs (fertilizers and pesticides, for example) or the byproducts of production (animal waste or soil runoff) are pollutants or health hazards.

The 1985 Food Security Act contains several new, wide-ranging programs targeted at reducing soil erosion on agricultural lands. However, the majority of resource and environmental programs affecting agriculture are legislated outside of farm policy and implemented by agencies other than USDA.

For instance, many farm and ranch enterprises in the Western United States have evolved around low-cost Federal irrigation water and public grazing lands. An increase in water prices or grazing fees could cause severe economic losses by farmers and ranchers who depend on those resources.

When a pesticide is banned because it poses health or environmental risks, the cost of protecting crops goes up unless a same-cost, equally effective material is available. Some of the increased cost may be passed on to consumers, but the rest is absorbed by farmers.

Fertilizer and pesticide contamination of groundwater has led to numerous policy proposals affecting agriculture. The Water Quality Act of 1987 uses State incentives or legislation to reduce pollution due to agriculture. Several States have passed laws restricting land use near major water supplies.

Restricting land use to improve environmental quality can restrict the income of some farmers. For example, prohibiting pesticide or fertilizer use on cropland near vulnerable water systems could reduce yields. Although this and other proposals can indirectly aid the farm sector by reducing surpluses and supporting commodity prices, individual farmers pay the short-term price.

The following spreadsheet reviews selected current and proposed resource and environmental programs affecting agriculture. The range and number of proposals suggest that, over the next several years, agricultural practices will undergo a major transition to meet environmental quality goals, with important effects on farm income and food costs. [Kitty Reichelderfer (202) 786-1448]

**For further information contact:** conservation policy: Michael Dicks, Skip Hyberg, Ed Young (202) 786-1401; land use and grazing fees policy: Art Daugherty, Ralph Heimlich (202) 786-1419; water quality: Clay Ogg (202) 786-1411; energy from biomass: Michael LeBlanc, Jim Hrubovcak (202) 786-1401; pesticide use policy: Phil Szmedra (202) 786-1459; endangered species: Stephen Crutchfield (202) 786-1444.

# Resource & Environmental Policies Affecting Agriculture

Policy/proposal	Key provisions	Comments
<b>Land use</b>		
<b>Swampbuster provision</b>		
Current law	Denies price support & deficiency payments, farm storage facility loans, crop insurance, disaster payments, & FmHA-insured loans to any person producing an agricultural commodity on wetland converted since December 23, 1985.	Reduces incentives to convert wetlands to farmland. There are 60 million acres of upland wetlands in private ownership. Between 5 & 16 million acres may be convertible.
Proposed changes		
Durenberger (S. 733)	Exempts wetlands used to produce an agricultural commodity in at least 3 years between 1980 & 1985.	In 1982, there were 4.1 million acres of wetlands that were sufficiently dry for crop production.
Stangeland (H.R. 2223)	Makes wetlands, converted wetlands, & land currently eligible for Water Bank Program eligible for Conservation Reserve Program (CRP).	Provides benefit program complementary to Swampbuster sanction for wetlands, analogous to CRP for highly erodible lands.
Bumpers (S. 1775)	Transfers wetlands or other marginal or environmentally sensitive land in FmHA's inventory to Federal or State wildlife authorities.	Prevents wetlands & other physically marginal land from returning to agricultural production.
<b>Softwood timber provision</b>		
Current law	Allows delinquent farm loans to be rescheduled by planting farmland to softwood timber & pledging future revenues to repayment of loan.	Increases U.S. timber supply while aiding debt-burdened farmers. Program limited to 50,000 acres nationally & open only to farmers who own commercial forestland & have debts less than \$1,000/acre.
<b>Grazing fees on public rangelands</b>		
Current law	Permits livestock producers to rent public lands from Federal Government for grazing. Establishes formula for determining grazing fee rates. Fees restricted to minimum of \$1.35 per animal unit month (AUM). Annual increase or decrease in fees limited to 25% of previous year's fee.	In 1982, about 27,000 producers grazed livestock on public rangelands, comprising about 7% of Western livestock producers & 2% of nation's producers. Area of public range where use permitted represented 10% of nation's total rangeland forage but provided only 2% of total feed consumed by livestock.
Proposed changes		
Darden (H.R. 1481) & Synar (H.R. 2621)	Revises grazing fee formula to establish market-based fees for each of six pricing areas. Fee adjustments, plus or minus, would be limited by both bills—to 33.3% of previous grazing year's fee by Darden & 25% for the first 3 grazing years after 1987 by Synar. After 3 years there would be no limit. Synar would amend statutes concerning use of appropriated range improvement funds & grazing fee revenues, specifying expenditures for riparian habitat improvement.	Based on 1985 values, proposed formula would produce grazing fees of \$4.82-\$8.21 per AUM depending on pricing area, compared with present \$1.35 per AUM. Fees under Synar bill would not increase as rapidly as under Darden bill for first 3 years. Of grazing fees collected, 50% would go into a fund, one-half of which could be made available in the district, region, or national forest from which it was derived. Other 25% would be used for on-ground range improvements, irrespective of where fees originated. Synar would require that 25% of on-ground improvements be riparian habitat.

Policy/proposal	Key provisions	Comments
<i>Land use, continued</i>		
<i>Marlenee (H.R. 1899)</i>	Makes permanent current formula for computing Federal grazing fees. Would eliminate present minimum of \$1.35 per AUM, but would retain annual change limit of not more than plus or minus 25% of previous year's fee.	
<b>Soil conservation</b>		
<b>Conservation Reserve Program</b>		
Current law	Pays farmers annual rental payments & half the cost of establishing permanent cover for rebring highly erodible cropland for 10 years. Goal is 45 million acres.	Over 100 million acres are eligible for enrollment in program. Current enrollment of 23 million acres has reduced annual erosion by 480 million tons. New USDA rules expand eligibility to include filter strips & less erodible cropland if it is planted to trees. Stronger emphasis is placed on water quality & achieving the desired level (12.5%) of tree planting.
Proposed changes		
<i>Hatcher (H.R. 3357)</i>	Expands program from 45 to 65 million acres, to include farmers with highly erodible cropland that is irrigated with groundwater or known to cause water quality problems.	Including cropland irrigated with groundwater or causing water quality problems may increase eligibility by 10-15 million acres.
<i>Nunn (S. 2937)</i>		
<i>Dole (S. 2045)</i>	Establishes a new reserve to idle 5-20 million acres identified as potentially threatening to the environment. Environmental provisions cover groundwater & overall water quality, set restrictions based on pesticide use, soil damage, soil salinity, & related problems.	Dole bill would further place a limit on the total amount of farmland idled under all commodity & conservation programs, & provide permanent spending authority for CRP & an expanded environmental conservation reserve from CCC funds.
		Both Nunn/Hatcher & Dole proposals would allow USDA to increase monetary incentives through bonus payments, additional payments for permanent base retirement, & using CRP acreage to meet set-aside requirements.
<b>Sodbuster provision</b>		
Current law	Denies price support & deficiency payments, farm storage facility loans, crop insurance, disaster payments, & FmHA-insured loans to any person producing an agricultural commodity on highly erodible land converted since December 23, 1985, unless an approved conservation plan is adopted & implemented. "Highly erodible" is defined in regulations as an erosion index greater than or equal to 8.	Affects 227 million acres with some potential for conversion. Two-thirds of this land is currently pasture & rangeland. Erosion on sodbusted land must be reduced to the soil tolerance level (T), which averages 5 tons of erosion per acre per year.
<b>Conservation compliance provision</b>		
Current law	Requires farmers with highly erodible cropland to begin implementation of a conservation plan by 1990 & complete it by 1995 to retain eligibility for the Government programs listed under Sodbuster.	Could affect production possibilities & costs on up to 65 million acres depending upon the level of enrollment in CRP & the level of treatment required. As many as 10 million acres could drop out of production or out of commodity programs.

Policy/proposal	Key provisions	Comments
<b>Irrigation water</b>		
<b>Reclamation Project Act of 1939</b>		
Current law	For irrigation water projects constructed by the U.S. Bureau of Reclamation, Secretary of Interior may consider other factors than construction cost when setting terms of repayment contracts.	Subsidizes Western irrigation water development. Farmers pay less than full cost for water developed by Bureau of Reclamation.
Proposed changes		
<i>Geldenson (H.R. 1443)</i>	Requires Secretary of Interior to charge full cost for irrigation water delivered from any project constructed by the Bureau of Reclamation when the water is used for production of a surplus crop.	Reduces potential for the same individual to receive a double subsidy: both irrigation water cost & crop price supports. Likely would reduce use of water from endangered Western aquifers.
<i>Stark (H.R. 3384)</i>	Defines individual's taxable gross income to include amount equal to subsidy of irrigation water from Bureau of Reclamation projects.	Garners part of Federal irrigation subsidy for Federal Treasury. Likely would reduce use of water from endangered Western aquifers.
<b>Water quality (general)</b>		
<b>1987 Water Quality Act</b>		
Current law (nonpoint source pollution provisions—NPSP)	Requires each State to identify for EPA, by August 1988, navigable waters which cannot regain or maintain applicable water quality standards without reducing NPSP. Instructs States to identify categories of NPSP contributing to pollution of degraded waterways, & to identify best management practices to reduce NPSP to maximum practical extent & to improve quality of these waterways.	Farmers whose practices are judged to contribute to nonpoint source water pollution problems could be subject to State or local restrictions on land use & agricultural chemical use. Impact on farmers will vary by State.
<b>Groundwater protection</b>		
<b>Proposals</b>		
<i>Geldenson (H.R. 791, with Foley amendments from H.R. 3678)</i> <i>Durenberger (S. 513)</i> <i>Scheuer (H.R. 2253)</i> <i>Burdick (S. 1105)</i> <i>Heinz (S. 1992)</i>	Directs various Federal agencies, including Dept. of Interior, Agriculture, & EPA, to assess groundwater quality & establish programs for groundwater quality research & demonstration of groundwater protection methods.	Increases Federal responsibility for groundwater pollution from agriculture by allocation of research & extension funds.
<i>Miller (H.R. 2320)</i>	Secretary of Interior publishes criteria for assessing adequacy of groundwater protection & management programs by States. Within 3 years after criteria are published, no Federal official or agent may expend funds for reclamation projects or execute reclamation contracts within States identified by Secretary as having inadequate groundwater programs.	If reclamation contracts for water & power are not executed, then agricultural, municipal, & industrial users could experience a reduction in utility services.

Policy/proposal	Key provisions	Comments
<b>Groundwater protection, continued</b>		
<b>Karnes</b> <i>(S. 1696)</i> <b>Burdick</b> <i>(S. 1767)</i> <b>Stangeland</b> <i>(H.R. 3069)</i>	Establishes a Best Management Practices Task Force for agricultural nitrogen. to review status of current information & develop & demonstrate best management practices, such as timing nitrogen fertilizer applications to reduce amount applied.	Protects environment & public health by reducing levels of agricultural nitrogen in groundwater & surface water.
<b>Energy from biomass</b>		
<b>Current laws</b>	When 10% ethanol or more is blended with gasoline, blenders qualify for 6-cent-per-gallon exemption from current 9-cent excise tax on gasoline. Minimum 10% blend requirement is an effective subsidy of 60 cents per gallon of ethanol. As alternative, blenders may take income tax credit equal to 60 cents per gallon of ethanol. Subsidy expires on September 30, 1993.	Encourages production of ethanol to reduce U.S. reliance on imported oil.
<b>Proposed changes</b>		
<b>Dole</b> <i>(S. 1598)</i> <b>Grassley</b> <i>(S. Res. 92)</i> <b>Durbin</b> <i>(H. Res. 74)</i>	Proposals would either extend excise tax exemption through 2000 or reject any recommendation to eliminate the current exemption.	
<b>Nagle</b> <i>(H.R. 3172)</i> <b>Daub</b> <i>(H.R. 2949)</i> <b>Exon</b> <i>(S. 781)</i> <b>Exon</b> <i>(S. 1232)</i>	Makes USDA's CCC grain available to ethanol producers. Typically, 100 million bushels of grain would be provided for start-up ethanol producers with capacity of no more than 40 million gallons per year. No one facility would be allowed more than 20 million bushels.	Reduces Federal costs for storing CCC grains & helps expand ethanol industry. However, would cut demand for corn from private suppliers.
<b>Daschle</b> <i>(S. 219)</i> <b>Dorgan</b> <i>(H.R. 254)</i> <b>Simon</b> <i>(S. 1304)</i> <b>Mitchell</b> <i>(S. 1351)</i> <b>Alexander</b> <i>(H.R. 2031)</i> <b>Waxman</b> <i>(H.R. 3054)</i> <b>Durbin</b> <i>(H.R. 2052)</i>	Proposals range from nonbinding resolutions expressing sense of both House & Senate with respect to use of ethanol, methanol, & other oxygenated fuels as an accepted air pollution-control strategy, to bills which mandate gasoline blended with ethanol. Example: One proposal requires that half of motor fuels sold by U.S. refiners be blended with 10% ethanol by 1992.	Not clear that ethanol industry could expand quickly enough to meet upper limits of some blending requirements. Additional ethanol demand would increase corn demand & prices. Increased use of ethanol would reduce carbon monoxide but could contribute to ozone problems.
<b>Pesticides</b>		
<b>Federal Insecticide, Fungicide, &amp; Rodenticide Act &amp; related issues</b>		
<b>Proposed changes</b>		
<b>Oberstar</b> <i>(H.R. 3174)</i> <b>Durenberger</b> <i>(S. 1419)</i>	Determines which pesticides are likely to leach into groundwater. Sets an action trigger at low, health-based contamination level.	Specific pesticide use would be sharply curtailed if chemical residue were detected in groundwater. Sets low groundwater residue levels.

Policy/proposal	Key provisions	Comments
<b>Pesticides, continued</b>		
<b>Bustamante</b> (H.R. 963) <b>Moynihan</b> (S. 20)	Establishes State & Federal network for assessing & addressing groundwater contamination problems. States set standards based on EPA's list of contaminants.	Provides interdependent Federal & State approach to preventing groundwater contamination.
<b>de la Garza</b> (H.R. 2463) <b>Leahy</b> (S. 1516)	Comprehensive revision of FIFRA; provides for a) EPA reregistration of 600 active ingredients used in 50,000 pesticide products; b) fee schedule to be paid by chemical manufacturer to EPA to cover costs of reregistration process; c) evaluation of inert ingredients for possible adverse effects; d) public right-to-know, chemical producers would have to make publicly available product fact sheets of health, safety, & environmental data; e) expedited product cancellation procedure; f) EPA would immediately suspend product originally registered with false or invalid data; g) label precautions required in the U.S. also required on labels of exported pesticides; h) commercial pesticide applicators required to receive formal training; i) States would be given primary enforcement in investigating misuse complaints; j) EPA would have to report to Congress the costs of indemnification for suspended chemicals; k) regulations governing pesticides in groundwater would be tightened.	Both users & manufacturers of agricultural pesticides would be affected by a hastening of the rate at which pesticides are considered for registration, reregistration, or cancellation. Proposed revisions would make pesticide use safer by strengthening the provisions under which these chemicals are registered, marketed, & used
<b>Coleman</b> (H.R. 463)	Amends FIFRA to improve notification of local, State, & Federal officials when suspended or cancelled pesticides are stored nearby & to provide for discretionary inspection of storage facilities by EPA.	Insures that suspended & cancelled pesticides are handled safely. Makes location of pesticide storage facilities public knowledge. Insures against long-term storage of a cancelled pesticide in containers meant for short-term retail use.
<b>Wyden</b> (H.R. 711)	Requires Food & Drug Administration to seize & destroy imported food found to be in violation of U.S. health standards for pesticide residue levels.	
<b>Boucher</b> (H.R. 1345)	Extends patent term from 17 to 22 years for EPA-registered pesticides.  Other amendments to FIFRA range from allowing abbreviated product registration applications by generic chemical manufacturers to allowing Federal agencies wishing to use pesticides on public lands access to EPA data.	Allows patent holders an extended marketing period to recoup time lost during EPA registration process. Excludes generic industry from protected markets for additional 5 years.
<b>Endangered Species Act of 1973</b>		
Current law	Authorizes EPA to prohibit or restrict use of pesticides which jeopardize endangered species or their habitats.	EPA has identified 600 counties in 40 States where labeling to restrict use would apply.
Proposed changes		
<b>Studds</b> (H.R. 1467) <b>Mitchell</b> (S. 675)	Reauthorizes Endangered Species Act (ESA) of 1973 through 1992. Increases fines for violation. Extends protection to endangered plant species	An opposing bill is proposed (Karnes: S. 1844, & Roberts: H.R. 3477) which would prohibit EPA from implementing pesticide restriction under ESA.

# Statistical Indicators

## Summary Data

Table 1.—Key Statistical Indicators of the Food & Fiber Sector

	1987				1988				
	I	II	IV	Annual	I F	II F	III F	IV F	Annual F
Prices received by farmers (1977=100)	128	128	129	127	127	126	125	--	127
Livestock & products	148	151	144	146	142	142	140	--	146
Crops	106	105	113	106	110	108	109	--	107
Prices paid by farmers, (1977=100)									
Prod. items	147	148	150	147	152	154	153	--	153
Commodities & services, int., taxes, & wages	162	164	165	162	165	169	169	--	168
Cash receipts (\$ bil) 1/	130	139	136	134	145	132	140	--	136
Livestock (\$ bil)	72	79	75	75	73	70	75	--	72
Crops (\$ bil)	58	60	61	59	72	62	64	--	64
Market basket (1967=100)									
Retail cost	303	305	306	303	--	--	--	--	--
Farm value	245	245	235	240	--	--	--	--	--
Spread	336	341	347	340	--	--	--	--	--
Farm value/retail cost (%)	30	30	30	30	--	--	--	--	--
Retail prices (1967=100)									
Food	332	354	336	333	336	--	--	--	--
At home	319	319	320	318	319	--	--	--	--
Away-from home	372	376	379	374	382	--	--	--	--
Agricultural exports (\$ bil) 2/	6.5	6.9	8.3	27.9	8.6	7.6	7.4	8.7	32.0
Agricultural imports (\$ bil) 2/	5.3	4.8	5.2	20.6	5.5	5.0	4.8	5.0	20.5
Production: *									
Red meat (mil lb)	9,238	9,624	10,102	38,449	9,607	9,418	9,703	9,617	38,345
Poultry (mil lb)	4,932	5,193	5,106	19,765	4,930	5,330	5,445	5,230	20,935
Eggs (mil doz)	1,438	1,439	1,478	5,796	1,450	1,435	1,415	1,465	5,765
Milk (bil lb)	37.3	35.8	34.8	142.9	36.0	38.2	36.3	35.0	145.5
Consumption, per capita:									
Red meat and poultry (lbs)	52.9	54.3	57.0	216.7	54.3	54.8	55.9	56.8	221.9
Corn beginning stocks (mil bu) 3/	8,248.2	6,332.2	4,881.7	4,881.7	--	--	--	--	--
Corn use (mil bu) 3/	1,916.5	1,451.0	2,179.4	7,409.8	--	--	--	--	--
Prices: 4/									
Choice steers--Omaha (\$/cwt)	68.60	65.04	64.31	64.60	63-67	64-70	62-68	62-68	63-69
Barrows and gilts--7 mths. (\$/cwt)	56.18	58.97	43.51	51.68	42-46	42-48	41-47	39-45	41-47
Broilers--12-city (cts/lb)	48.2	48.7	42.5	47.4	41-45	41-47	41-47	38-44	40-46
Eggs--NY Gr. A large (cts/doz)	58.9	63.5	59.2	61.6	55-59	53.59	60-66	63-69	57-63
Milk--all at plant (\$/cwt)	12.07	12.33	12.83	12.53	11.70-12.10	11.00-11.60	11.35-12.05	11.95-12.65	11.50-12.10
Wheat--Kansas city HRW (\$/bu)	2.94	2.65	2.86	2.72	--	--	--	--	--
Corn--Chicago (\$/bu)	1.82	1.68	1.74	1.64	--	--	--	--	--
Soybeans--Chicago (\$/bu)	5.37	5.16	5.36	5.19	--	--	--	--	--
Cotton--Avg. spot mkt. (cts/lb)	64.7	73.5	66.8	53.2	--	--	--	--	--
	1980	1981	1982	1983	1984	1985	1986	1987 P	1988 F
Gross cash income (\$ bil)	143.3	146.0	150.6	150.4	155.1	156.9	152.0	156	154-156
Gross cash expenses (\$ bil)	109.1	113.2	112.5	113.3	116.3	108.6	100.1	98	98-101
Net cash income (\$ bil)	34.2	32.8	38.1	37.1	38.8	47.3	52.0	57	50-55
Net farm income (\$ bil)	16.1	26.9	23.5	12.7	32.0	32.3	37.5	45	40-45
Farm real estate values (1977=100) 5/	145	158	157	148	146	128	112	103	--

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Dec.-Feb. first quarter; Mar.-May second quarter; June-Aug. third quarter; Sept.-Nov. fourth quarter; Sept.-Aug. annual. Use includes exports and domestic disappearance. 4/ Simple averages. 5/ As of February 1. P = preliminary. F = forecast. \* = commercial production.

# U.S. and Foreign Economic Data

Table 2.—U.S. Gross National Product & Related Data

	Annual			1986		1987		
	1985	1986	1987 P	IV	I	II	III R	IV P
\$ billion (quarterly data seasonally adjusted at annual rates)								
Gross national product	4,010.3	4,235.0	4,486.2	4,288.1	4,377.7	4,445.1	4,524.0	4,598.0
Personal consumption expenditures	2,629.4	2,799.8	2,966.0	2,858.6	2,893.8	2,943.7	3,011.3	3,015.1
Durable goods	368.7	402.4	413.9	419.8	396.1	409.0	436.8	413.8
Nondurable goods	913.1	939.4	980.4	946.3	969.9	982.1	986.4	983.4
Clothing & shoes	157.2	167.5	176.5	169.6	174.0	175.8	178.7	177.3
Food & beverages	472.8	497.8	514.5	507.5	514.8	515.0	514.0	514.1
Services	1,347.5	1,458.0	1,571.6	1,492.4	1,527.7	1,552.6	1,588.1	1,618.0
Gross Private domestic investment	641.6	671.0	716.4	660.2	699.9	702.6	707.4	755.6
Fixed investment	631.6	655.2	670.6	666.6	648.2	662.3	684.5	687.4
Change in business inventories	10.0	15.7	45.7	-6.4	51.6	40.3	22.9	68.1
Net exports of goods & services	-79.2	-105.5	-119.9	-116.9	-112.2	-118.4	-123.7	-125.5
Government purchases of goods & services	818.6	869.7	923.8	886.3	896.2	917.1	929.0	952.8
1982 \$ billion (quarterly data seasonally adjusted at annual rates)								
Gross national product	3,607.5	3,713.3	3,819.6	3,731.5	3,772.2	3,795.3	3,835.9	3,875.1
Personal consumption expenditures	2,352.6	2,450.5	2,495.2	2,480.5	2,475.9	2,487.5	2,520.7	2,496.6
Durable goods	352.7	383.5	388.1	399.0	375.9	385.4	406.9	384.4
Nondurable goods	849.5	877.2	875.9	880.3	883.2	879.0	875.7	865.6
Clothing & shoes	147.9	158.0	159.0	158.4	160.4	157.3	161.7	156.6
Food & beverages	436.5	444.9	440.1	444.0	447.5	441.6	437.1	434.1
Services	1,150.4	1,189.8	1,231.2	1,201.1	1,216.9	1,223.1	1,238.1	1,246.6
Gross Private domestic investment	636.1	654.0	685.4	631.0	671.8	673.7	681.9	714.2
Fixed investment	628.7	640.2	643.0	645.4	624.2	634.7	657.3	655.9
Change in business inventories	7.4	13.8	42.4	-14.4	47.6	39.0	24.6	58.3
Net exports of goods & services	-108.2	-145.8	-134.3	-151.8	-135.2	-132.7	-138.4	-130.7
Government purchases of goods & services	726.9	754.5	773.3	771.8	759.6	766.7	771.7	795.0
GNP implicit price deflator								
% change	3.2	2.6	3.0	.7	4.2	3.5	2.8	2.7
Disposable personal income (\$ bil)	2,841.1	3,022.1	3,181.1	3,061.6	3,125.9	3,130.6	3,195.3	3,272.6
Disposable per. income (1982 \$ bil)	2,542.2	2,645.1	2,676.1	2,656.7	2,674.6	2,645.5	2,674.7	2,709.7
Per capita disposable per. income (\$)	11,872	12,508	13,048	12,626	12,865	12,858	13,090	13,374
Per capita dis. per. income (1982 \$)	10,622	10,947	10,976	10,956	11,008	10,865	10,958	11,074
U.S. population, total, incl. military abroad (mil)	239.3	241.6	243.8	242.5	243.0	243.5	244.1	244.7
Civilian population (mil)	237.0	239.4	241.5	240.2	240.7	241.3	241.8	242.4
	Annual			1986		1987		
	1985	1986	1987 P	Dec	Sept	Oct	Nov	Dec P
Monthly data seasonally adjusted								
Industrial production (1977=100)	123.7	125.1	129.8	126.8	131.0	132.5	133.1	133.3
Leading economic indicators (1967=100)	168.6	179.3	189.9	186.7	193.4	193.3	191.0	190.7
Civilian employment (mil. persons)	107.2	109.6	112.4	110.7	112.9	113.2	113.5	113.7
Civilian unemployment rate (%)	7.1	6.9	6.1	6.7	5.9	6.0	5.9	5.8
Personal income (\$ bil annual rate)	3,327.0	3,534.3	3,745.8	3,613.0	3,783.2	3,853.8	3,836.0	3,864.6
Money stock-M2 (daily avg) (\$bil) 1/	2,569.5	2,801.2	2,895.4	2,801.2	2,875.7	2,892.2	2,890.9	2,895.4
Three-month Treasury bill rate (%)	7.48	5.98	5.82	5.49	6.32	6.40	5.81	5.80
Aaa corporate bond yield (Moody's) (%)	11.37	9.02	9.38	8.49	10.18	10.52	10.01	10.11
Housing starts (thou) 2/	1,742	1,805	1,617	1,813	1,685	1,537	1,639	1,374
Auto sales at retail, total (mil)	11.0	11.4	10.3	13.0	11.7	9.3	9.9	10.9
Business inventory/sales ratio	1.54	1.54	--	1.47	1.48	1.49	1.51	--
Sales of all retail stores (\$ bil)	115.0	121.2	125.5	127.5	126.8	125.6	125.8 P	126.7
Nondurable goods stores (\$ bil)	71.8	73.9	76.9	75.1	77.1	77.0	77.0 P	77.1
Food stores (\$ bil)	23.7	24.6	25.3	25.2	25.3	25.2	25.1 P	25.3
Eating & drinking places (\$ bil)	11.1	12.1	12.7	12.8	12.5	12.5	12.7 P	12.8
Apparel & accessory stores (\$ bil)	6.2	6.7	7.1	7.0	7.2	7.1	7.0 P	7.0

1/ Annual data as of December of the year listed. 2/ Private, including farm. R = revised. P = preliminary.

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Table 3.—Foreign Economic Growth, Inflation, &amp; Export Earnings

	Average 1970-74	Average 1975-79	1980	1981	1982	1983	1984	1985	1986	1987 F	1988 F
Annual Percent change											
Total foreign											
Real GNP	5.5	3.7	2.6	1.5	1.7	2.1	3.2	3.0	2.8	2.6	2.4
CPI	10.2	14.0	16.9	15.6	14.4	18.4	22.5	21.6	11.4	16.6	25.4
Export earnings	27.5	14.6	22.2	-2.7	-7.0	-2.4	5.4	-0.8	15.3	16.2	9.3
Developed less U.S.											
Real GNP	4.8	3.1	2.4	1.4	1.1	1.9	3.4	3.3	2.4	2.7	2.3
CPI	8.4	9.4	10.9	9.6	8.0	6.0	5.1	4.7	2.7	2.6	3.1
Export earnings	23.9	14.9	17.0	-3.3	-4.3	-0.5	6.2	4.9	19.2	17.1	9.1
Centrally planned											
Real GNP	5.1	3.5	1.5	2.1	2.7	3.4	3.7	2.9	4.0	3.0	2.9
Export earnings	19.4	16.1	16.5	3.4	6.0	8.2	1.5	-5.1	7.3	7.3	8.1
Latin America											
Real GNP	7.4	5.1	5.3	0.7	-0.5	-2.7	3.3	3.7	3.8	2.1	1.2
CPI	23.5	53.7	61.3	64.9	72.6	126.2	174.1	179.4	86.1	139.1	231.5
Export earnings	28.1	12.8	30.1	5.3	-10.0	-0.9	7.0	-6.1	-15.1	4.6	8.8
Africa & Middle East											
Real GNP	8.9	6.4	1.3	-1.3	1.7	1.5	0.6	1.1	-1.6	-0.5	1.1
CPI	8.7	16.4	24.6	17.3	12.9	16.7	19.4	11.2	12.0	14.9	12.7
Export earnings	49.6	43.2	37.9	-9.2	-19.7	-16.1	-8.0	-28.9	-15.4	5.0	14.7
Asia											
Real GNP	6.0	6.8	6.3	6.5	3.8	6.5	5.7	3.9	6.3	5.9	5.1
CPI	13.0	8.4	16.4	14.1	7.3	7.7	8.5	5.2	4.4	5.7	6.1
Export earnings	30.1	19.4	27.8	6.8	-0.3	3.5	13.4	-1.6	7.0	24.0	11.4

P = preliminary. F = forecast.

Information contact: Timothy Baxter (202) 786-1688.

## Farm Prices

Table 4.—Indexes of Prices Received &amp; Paid by Farmers, U.S. Average

	Annual			1987							1988
	1985	1986	1987 P	Jan	Aug	Sept	Oct	Nov R	Dec	Jan P	
1977=100											
Prices received											
All farm products	128	123	127	121	127	129	127	132	127	130	
All crops	120	107	106	100	103	104	106	120	113	114	
Food grains	133	109	102	100	94	101	108	113	114	115	
Feed grains & hay	122	98	85	80	82	83	86	88	92	93	
Feed grains	122	96	81	76	78	78	81	84	89	90	
Cotton	93	91	98	86	105	107	106	107	106	105	
Tobacco	153	138	130	129	127	137	137	137	137	134	
Oil-bearing crops	84	77	79	74	80	79	79	83	86	89	
Fruit, all	180	169	181	160	176	185	197	236	170	169	
Fresh market 1/	192	177	191	165	186	196	211	259	178	177	
Commercial vegetables	128	130	144	150	127	129	122	203	177	187	
Fresh market	122	123	147	154	127	129	118	225	195	208	
Potatoes & dry beans	124	114	127	129	122	100	95	93	89	80	
Livestock & products	136	138	146	142	151	152	147	143	141	146	
Meat animals	142	145	163	150	171	171	165	157	157	165	
Dairy products	131	129	129	137	127	131	133	133	131	130	
Poultry & eggs	119	128	108	118	110	112	99	105	98	101	
Prices paid											
Commodities & services,											
interest, taxes, & wage rates	163	159	162	158	--	--	165	--	--	165	
Production items	151	144	147	142	--	--	150	--	--	152	
Feed	116	108	103	99	--	--	105	--	--	112	
Feeder livestock	154	153	179	164	--	--	190	--	--	193	
Seed	153	148	148	146	--	--	149	--	--	149	
Fertilizer	135	124	118	116	--	--	121	--	--	121	
Agricultural chemicals	128	127	124	126	--	--	123	--	--	123	
Fuels & energy	201	162	161	153	--	--	168	--	--	161	
Farm & motor supplies	146	144	144	141	--	--	144	--	--	144	
Autos & trucks	193	198	208	196	--	--	213	--	--	213	
Tractors & self-propelled machinery	178	174	174	172	--	--	176	--	--	176	
Other machinery	183	184	185	181	--	--	188	--	--	188	
Building & fencing	136	136	137	136	--	--	138	--	--	138	
Farm services & cash rent	150	150	146	146	--	--	146	--	--	150	
Interest payable per acre on farm real estate debt	237	219	207	207	--	--	207	--	--	193	
Taxes payable per acre on farm real estate	133	134	136	136	--	--	136	--	--	138	
Wage rates (seasonally adjusted)	154	160	167	159	--	--	162	--	--	162	
Production items, interest, taxes, & wage rates	157	150	152	148	--	--	155	--	--	155	
Ratio, Prices received to Prices paid 2/	79	77	78	77	77	79	77	80	77	79	
Prices received (1910-14=100)	585	561	578	555	581	588	580	601	582	596	
Prices paid, etc. (parity index) (1910-14=100)	1,120	1,096	1,115	1,087	--	--	1,132	--	--	1,138	
Parity ratio (1910-14=100) 2/	52	51	52	51	52	52	51	53	51	52	

1/ Fresh market for noncitrus; fresh market and processing for citrus. 2/ Ratio of index of prices received for all farm products to index of prices paid for commodities and services, interest, taxes, and wage rates. Ratio derived using the most recent prices paid index. Prices paid data will be published in January, April, July, and October. P = preliminary. R = revised.

Information contact: National Agricultural Statistics Service (202) 447-5446.

Table 5.—Prices Received by Farmers, U.S. Average

	Annual 1/			1987						1988
	1985	1986	1987 P	Jan	Aug	Sept	Oct	Nov R	Dec R	Jan P
<b>Crops</b>										
All wheat (\$/bu)	3.20	2.71	2.55	2.53	2.36	2.54	2.62	2.69	2.70	2.77
Rice, rough (\$/cwt)	7.85	5.04	4.49	3.55	3.74	4.28	5.68	7.09	7.37	6.89
Corn (\$/bu)	2.49	1.96	1.56	1.48	1.47	1.49	1.56	1.62	1.72	1.77
Sorghum (\$/cwt)	3.97	3.11	2.56	2.37	2.52	2.43	2.48	2.69	2.73	2.75
All hay, baled (\$/ton)	69.90	61.60	63.00	56.10	61.80	65.10	65.10	62.10	65.00	62.80
Soybeans (\$/bu)	5.42	5.00	5.07	4.70	5.02	4.99	5.04	5.36	5.63	5.90
Cotton, Upland (cts/lb)	56.1	54.8	59.4	52.1	65.3	64.9	64.1	64.9	64.2	63.7
Potatoes (\$/cwt)	3.92	5.03	4.47	5.01	5.10	3.91	3.82	3.59	3.57	3.60
Lettuce (\$/cwt)	10.90	11.90	14.80	14.50	18.00	16.30	13.30	42.20	34.80	34.80
Tomatoes (\$/cwt)	24.10	25.10	25.10	28.30	16.50	21.20	26.80	45.80	22.60	24.70
Onions (\$/cwt)	9.08	10.90	11.40	16.20	9.79	10.30	9.77	8.82	10.10	14.20
Dry edible beans (\$/cwt)	17.60	19.01	15.50	21.50	16.10	15.40	14.60	14.00	13.10	13.30
Apples for fresh use (cts/lb)	17.3	19.1	NA	18.2	15.5	18.0	14.3	12.5	11.8	11.5
Pears for fresh use (\$/ton)	349.00	372.00	217.00	376.00	234.00	239.00	196.00	211.00	147.00	135.00
Oranges, all uses (\$/box) 2/	7.41	4.42	4.55	4.01	6.18	6.01	7.36	10.23	5.45	6.19
Grapefruit, all uses (\$/box) 2/	4.01	4.29	5.00	5.80	5.95	5.52	5.07	6.81	5.84	5.34
<b>Livestock</b>										
Beef cattle (\$/cwt)	54.00	52.80	61.40	56.40	61.90	63.70	62.90	62.00	62.20	65.10
Calves (\$/cwt)	62.40	60.90	78.10	66.40	82.30	85.90	81.40	82.90	83.10	86.20
Hogs (\$/cwt)	43.90	50.10	50.90	47.20	58.60	54.30	48.90	40.60	40.30	42.70
Lambs (\$/cwt)	68.10	69.10	77.90	76.60	76.10	76.80	71.90	65.70	72.80	81.80
All milk, sold to plants (\$/cwt)	12.70	12.50	12.50	13.30	12.30	12.70	12.90	12.90	12.70	12.60
Milk, manuf. grade (\$/cwt)	11.78	11.55	11.40	12.00	11.20	11.60	11.80	11.70	11.60	11.40
Broilers (cts/lb)	30.1	34.5	28.5	31.1	31.6	28.5	25.2	26.4	24.6	27.1
Eggs (cts/doz) 3/	57.4	61.2	53.8	59.3	50.6	59.7	51.3	55.2	48.6	49.3
Turkeys (cts/lb)	47.2	44.4	34.2	34.9	31.4	30.8	29.9	33.7	38.1	31.8
Wool (cts/lb) 4/	63.3	66.8	NA	57.0	84.2	88.2	87.2	86.5	86.2	75.2

1/ Calendar year averages, except for potatoes, dry edible beans, apples, oranges, and grapefruit, which are crop years.  
 2/ Equivalent on-tree returns. 3/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail.  
 4/ Average local market price, excluding incentive payments. P = preliminary. R = revised. NA = not available.

Information contact: National Agricultural Statistics Service (202) 447-5446

## Producer and Consumer Prices

Table 6.—Consumer Price Index for All Urban Consumers, U.S. Average (Not Seasonally Adjusted)

	Annual		1987							
	1987	Dec	May	June	July	Aug	Sept	Oct	Nov	Dec
						1967=100				
Consumer price index, all items	340.4	331.1	338.7	340.1	340.8	342.7	344.4	345.3	345.8	345.7
Consumer price index, less food	340.1	330.6	338.3	339.6	340.5	342.7	344.6	345.6	346.2	345.7
All food	333.0	325.2	332.5	334.1	333.6	333.8	334.9	335.3	335.1	336.7
Food away from home	374.4	367.1	372.3	373.8	374.9	375.9	377.4	378.4	379.6	380.4
Food at home	318.5	310.2	318.8	320.4	319.1	319.0	319.8	319.9	319.0	321.0
Meats 1/	294.4	286.3	291.8	297.1	298.8	301.0	300.7	300.2	298.4	296.4
Beef & veal	292.0	279.5	292.6	297.6	297.7	296.2	295.1	296.3	298.3	298.1
Pork	296.2	294.2	289.4	287.7	305.8	308.3	309.4	304.0	295.1	289.0
Poultry	228.3	241.9	230.5	228.3	226.1	230.0	229.1	227.8	219.8	219.7
Fish	490.4	457.6	486.6	484.2	489.7	493.7	498.3	496.0	499.5	503.3
Eggs	175.4	198.6	169.5	161.2	168.2	164.4	187.0	175.1	179.9	163.8
Dairy products 2/	264.8	262.2	264.3	263.7	263.2	264.2	266.0	267.2	267.2	266.8
Fats & oils 3/	292.0	286.0	293.3	291.4	292.9	292.6	291.2	290.1	291.8	291.0
Fresh fruit	410.9	355.8	431.8	437.5	416.7	410.2	409.8	422.4	391.4	393.2
Processed fruit 4/	169.9	163.1	170.5	171.0	170.2	171.8	172.3	171.3	171.4	172.6
Fresh vegetables	372.8	342.5	379.0	396.3	371.0	351.3	351.5	345.0	371.8	430.0
Potatoes	370.9	332.0	406.1	436.1	444.6	407.7	353.3	325.6	321.6	331.7
Processed vegetables 4/	151.5	147.4	151.2	151.9	152.3	152.7	152.3	152.0	151.8	151.8
Cereals & bakery products 4/	337.2	329.5	336.5	337.0	338.4	338.8	338.9	339.5	341.2	343.2
Sugar & sweets	418.5	411.8	417.7	419.3	418.8	419.6	420.6	420.9	419.9	418.6
Beverages, nonalcoholic	465.6	470.2	467.9	462.6	458.5	458.8	458.4	462.3	455.0	453.7
Apparel commodities less footwear	197.7	191.7	198.5	194.7	190.7	195.3	203.7	207.7	207.5	201.5
Footwear	217.8	214.0	220.8	218.8	214.3	215.9	219.1	222.4	223.9	222.3
Tobacco & smoking products	376.1	357.6	370.9	372.7	379.9	380.8	382.4	383.7	384.3	385.7
Beverages, alcoholic	246.0	240.8	245.0	245.9	246.7	247.3	247.8	248.4	248.9	248.8

1/ Beef, veal, lamb, pork, and processed meat. 2/ Includes butter. 3/ Excludes butter. 4/ December 1977=100.

Information contact: Ralph Parlett (202) 786-1870.

Table 7.—Producer Price Indexes, U.S. Average (Not Seasonally Adjusted)

	Annual			1986	1987					
	1985	1986	1987 P	Dec	July R	Aug R	Sept	Oct	Nov	Dec
	1967=100									
Finished goods 1/	293.7	289.7	295.7	290.4	297.4	297.3	296.7	298.2	298.1	296.8
Consumer foods	271.2	278.1	283.9	282.9	287.5	284.0	286.0	284.1	284.9	282.2
Fresh fruit	256.1	262.1	263.3	272.1	261.8	253.8	248.9	267.4	286.1	280.9
Fresh & dried vegetables	245.1	241.1	255.8	251.9	282.2	232.4	245.0	226.0	310.0	270.2
Dried fruit	363.5	377.4	389.5	385.0	390.2	390.0	390.0	387.6	401.1	405.6
Canned fruit & juice <sup>2</sup>	323.1	315.1	327.4	320.9	330.1	330.3	329.8	329.9	330.3	332.8
Frozen fruit & juice	362.3	314.8	346.6	326.3	344.9	345.8	344.6	344.6	354.3	387.0
Fresh veg excl potatoes	205.9	204.0	203.2	206.1	209.2	158.2	201.6	184.0	277.9	229.8
Canned veg & juices	246.9	245.1	251.0	247.2	250.7	254.2	252.5	247.6	248.2	248.4
Frozen vegetables	298.4	298.5	300.4	298.8	300.8	300.9	300.7	300.1	298.2	298.7
Potatoes	304.3	312.6	361.8	350.5	398.8	367.2	332.2	320.7	325.9	343.0
Eggs	171.0	177.9	156.6	194.0	152.4	142.4	179.9	144.9	165.5	126.2
Bakery products	313.7	321.3	326.2	321.0	326.1	328.3	328.5	330.9	330.7	334.1
Meats	227.9	235.2	251.1	244.0	269.5	258.1	263.7	253.5	239.3	233.4
Beef & veal	221.3	216.0	233.8	219.7	246.2	234.0	236.5	232.3	225.5	226.7
Pork	223.8	250.9	262.8	262.9	298.7	282.2	298.1	271.8	238.4	218.6
Processed poultry	197.3	207.8	184.7	204.9	182.1	186.2	180.4	174.1	176.6	172.1
Fish	484.2	530.4	601.1	559.3	570.7	558.8	584.0	660.3	647.7	660.4
Dairy products	248.4	248.8	253.0	254.1	252.4	253.6	255.8	254.3	253.9	253.3
Processed fruits & vegetables	296.3	287.9	298.1	292.5	298.4	299.0	299.0	296.8	298.3	303.1
Shortening & cooking oils	290.6	242.4	243.8	236.2	242.9	241.6	244.2	247.4	250.4	255.8
Consumer finished goods less foods	297.3	283.5	289.7	280.8	291.4	292.9	291.1	293.5	293.0	291.8
Beverages, alcoholic	213.0	217.8	218.3	218.0	217.1	217.8	216.6	217.9	217.5	218.2
Soft drinks	343.6	349.7	356.8	351.1	356.4	357.4	356.2	359.6	359.5	359.3
Alcohol	204.1	206.5	210.7	207.4	211.2	211.7	212.5	212.8	212.6	212.7
Footwear	256.7	261.8	267.9	264.0	268.6	270.2	271.9	271.8	270.0	273.8
Tobacco products	428.1	460.4	499.8	469.2	509.0	508.0	508.1	509.1	509.2	527.5
Intermediate materials 2/	318.7	307.6	315.2	305.0	316.9	318.2	318.9	320.0	321.3	322.0
Materials for food manufacturing	258.8	251.0	257.0	253.2	262.0	258.8	261.9	259.4	255.9	254.5
Flour	183.0	173.4	170.3	165.0	167.7	167.0	171.1	173.4	171.3	171.1
Refined sugar 3/	165.6	166.4	171.4	169.4	172.7	172.4	172.6	172.7	172.1	172.0
Crude vegetable oils	219.6	135.8	134.1	122.4	131.4	126.9	127.7	137.9	142.0	148.2
Crude materials 4/	306.1	280.3	299.2	277.0	306.8	308.4	305.4	304.3	302.2	301.3
Foodstuffs & feedstuffs	235.0	231.0	238.3	233.5	243.8	240.6	238.8	237.7	235.8	237.5
Fruits & vegetables 5/	260.5	261.2	270.2	272.1	284.6	252.3	257.3	255.0	312.0	286.7
Grains	202.8	167.2	149.9	149.7	145.0	133.6	146.5	153.5	158.0	166.3
Livestock	229.9	236.1	262.5	246.4	276.6	274.6	266.6	262.7	248.3	251.4
Poultry, live	226.2	248.8	194.3	239.7	196.3	213.4	192.5	169.8	180.2	168.3
Fibers, plant & animal	197.8	179.3	216.0	176.7	243.7	250.5	240.5	221.0	213.2	203.9
Fluid milk	264.6	256.9	259.5	271.4	253.5	257.3	261.8	263.2	263.0	258.6
Oilseeds	202.7	196.2	212.9	196.4	221.0	213.0	207.4	208.5	216.1	228.5
Tobacco, leaf	274.1	243.0	232.2	230.8	223.8	223.8	239.6	241.4	239.6	239.6
Sugar, raw cane	291.3	292.2	307.0	294.5	310.8	309.5	308.9	307.9	306.6	305.8
All commodities	308.7	299.8	307.7	298.5	309.8	310.6	310.4	311.4	311.9	311.7
Industrial commodities	323.8	312.1	320.4	309.8	322.1	323.8	323.3	324.9	325.4	325.3
All foods 6/	264.5	268.4	274.4	273.2	278.3	274.1	276.8	275.0	276.0	273.2
Farm products &										
Processed foods & feeds	250.5	252.0	258.1	254.7	261.9	258.9	260.0	258.7	258.9	258.6
Farm products	230.5	224.7	231.2	227.4	237.2	231.9	232.1	228.0	232.6	231.2
Processed foods & feeds 6/	260.4	265.1	271.3	268.2	274.1	272.2	273.7	273.4	271.9	272.1
Cereal & bakery products	279.9	281.8	285.8	279.4	283.9	285.7	287.0	290.6	282.2	296.0
Sugar & confectionery	291.0	295.7	303.7	299.7	306.5	307.2	306.6	306.2	305.5	304.8
Beverages	276.6	294.3	289.1	292.4	288.1	288.5	285.8	288.3	288.4	288.1

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. (Dec. 1977=100). 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). (1977=100). P = preliminary. R = revised.

Information Contact: Bureau of Labor Statistics (202) 523-1913.

# Farm-Retail Price Spreads

Table 8.—Farm-Retail Price Spreads

	Annual				1986						1987			
	1984	1985	1986	1987	Dec	July	Aug	Sept	Oct	Nov	Dec			
<b>Market basket 1/</b>														
Retail cost (1967=100)	278.3	282.6	288.7	303.1	294.8	305.2	305.0	305.8	305.7	305.1	306.5			
Farm value (1967=100)	255.4	237.2	234.1	240.4	241.3	247.8	243.4	243.2	235.6	237.1	232.9			
Farm-retail spread (1967=100)	293.3	309.3	320.8	340.0	326.3	338.9	341.3	342.6	346.9	345.1	349.8			
Farm value/retail cost (%)	33.9	31.1	30.0	29.4	30.3	30.1	29.5	29.4	28.5	28.8	28.1			
<b>Meat Products</b>														
Retail cost (1967=100)	268.1	265.5	273.9	294.2	286.3	299.8	301.0	300.7	300.2	298.4	296.4			
Farm value (1967=100)	241.5	221.8	229.1	245.9	240.0	268.6	257.6	255.4	248.2	231.3	227.0			
Farm-retail spread (1967=100)	299.1	316.6	326.2	350.7	340.5	336.3	351.8	353.7	361.1	377.0	377.0			
Farm value/retail cost (%)	48.6	45.1	45.1	45.1	45.2	48.3	46.2	45.8	44.6	41.8	41.3			
<b>Dairy Products</b>														
Retail cost (1967=100)	253.2	258.0	258.4	264.6	262.2	263.2	264.2	266.0	267.2	267.2	268.8			
Farm value (1967=100)	258.8	248.2	241.5	244.2	254.4	238.8	244.1	244.9	247.3	244.9	243.9			
Farm-retail spread (1967=100)	248.3	266.5	273.3	282.5	269.0	284.6	281.9	284.5	284.7	286.8	286.9			
Farm value/retail cost (%)	47.8	45.0	43.7	43.2	45.4	42.4	43.2	43.1	43.3	42.9	42.7			
<b>Poultry</b>														
Retail cost (1967=100)	218.5	216.4	232.7	229.3	241.9	226.1	230.0	229.1	227.8	219.8	218.7			
Farm value (1967=100)	249.8	234.9	255.4	206.5	228.4	202.6	219.8	201.7	182.0	194.1	190.6			
Farm-retail spread (1967=100)	188.1	198.4	210.8	251.4	255.0	248.8	239.9	255.7	272.1	244.6	247.9			
Farm value/retail cost (%)	56.3	53.4	54.0	44.3	46.4	44.1	47.0	43.3	39.3	43.4	42.7			
<b>Eggs</b>														
Retail cost (1967=100)	209.0	174.3	186.3	175.5	198.6	168.2	164.4	187.0	175.1	179.9	163.8			
Farm value (1967=100)	230.3	178.9	192.7	160.2	208.8	149.9	146.5	183.7	148.2	168.0	139.2			
Farm-retail spread (1967=100)	178.2	167.6	177.1	197.7	183.9	184.6	190.3	191.8	213.9	187.0	189.4			
Farm value/retail cost (%)	65.1	60.7	61.1	53.9	62.1	52.7	52.6	58.1	50.0	55.2	50.2			
<b>Cereal &amp; bakery Products</b>														
Retail cost (1967=100)	305.3	317.0	325.8	336.9	329.5	338.4	338.8	338.9	339.5	341.2	343.2			
Farm value (1967=100)	192.0	175.9	142.3	131.3	127.0	123.3	124.0	130.8	134.6	142.0	137.7			
Farm-retail spread (1967=100)	328.7	348.2	363.7	379.5	371.4	382.9	383.3	382.0	381.9	382.4	385.7			
Farm value/retail cost (%)	10.8	9.5	7.5	6.7	6.6	6.2	6.3	6.6	6.8	7.1	6.9			
<b>Fresh Fruits</b>														
Retail cost (1967=100)	345.3	383.5	390.1	444.0	379.8	459.8	452.0	451.2	466.9	430.5	416.4			
Farm value (1967=100)	315.1	302.7	285.3	290.3	309.5	289.5	242.4	273.0	293.4	324.4	323.8			
Farm-retail spread (1967=100)	358.9	419.8	437.1	513.0	411.3	536.4	546.1	531.2	544.8	478.1	458.0			
Farm value/retail cost (%)	28.3	24.4	22.7	20.3	25.2	19.5	16.6	18.8	19.5	23.4	24.1			
<b>Fresh vegetables</b>														
Retail cost (1967=100)	331.8	317.5	330.3	372.0	342.5	371.0	351.3	351.5	345.0	371.8	430.0			
Farm value (1967=100)	298.7	256.7	248.1	309.4	251.3	318.0	317.6	291.3	237.5	401.2	361.8			
Farm-retail spread (1967=100)	347.4	346.1	369.0	401.3	385.4	395.9	367.1	379.8	395.6	358.0	462.3			
Farm value/retail cost (%)	28.8	25.9	24.0	26.6	23.5	27.4	28.9	26.5	22.0	34.5	26.9			
<b>Processed fruits &amp; vegetables</b>														
Retail cost (1967=100)	306.1	314.1	309.1	319.6	308.8	321.0	323.0	323.2	322.0	321.8	323.1			
Farm value (1967=100)	343.5	378.5	326.3	354.4	344.3	343.2	340.0	343.2	335.3	338.1	377.1			
Farm-retail spread (1967=100)	297.8	299.9	305.3	311.9	300.9	316.1	319.2	318.8	319.0	318.2	311.1			
Farm value/retail cost (%)	20.3	21.8	19.1	20.1	20.2	19.4	19.1	19.2	18.9	19.0	21.2			
<b>Fats &amp; oils</b>														
Retail cost (1967=100)	288.0	294.4	287.8	291.9	286.0	292.9	292.6	291.2	280.1	291.8	291.0			
Farm value (1967=100)	324.8	271.3	199.1	192.8	184.1	189.7	189.7	186.3	194.5	195.9	202.8			
Farm-retail spread (1967=100)	273.8	303.3	321.9	330.0	325.2	332.6	332.2	331.5	326.9	328.7	324.9			
Farm value/retail cost (%)	31.3	28.6	19.4	18.4	17.9	18.0	18.0	17.8	18.6	18.6	19.4			
	Annual				1986						1987			
	1984	1985	1986	1987	Dec	July	Aug	Sept	Oct	Nov	Dec			
<b>Beef, Choice</b>														
Retail price 2/ (cts/lb)	239.6	232.6	230.7	242.5	234.8	248.2	245.4	245.5	245.7	246.6	245.3			
Net carcass value 3/ (cts)	147.6	135.2	133.1	145.3	136.3	148.8	142.6	144.9	144.6	142.4	141.1			
Net farm value 4/ (cts)	140.0	126.8	124.4	137.9	128.3	139.1	136.3	137.6	137.1	136.1	134.6			
Farm-retail spread (cts)	98.6	105.8	106.3	104.6	106.5	109.1	109.1	107.9	108.6	110.5	110.7			
Carcass-retail spread 5/ (cts)	92.0	97.4	97.6	97.2	98.5	99.4	102.8	100.6	101.1	104.2	104.2			
Farm-carcass spread 6/ (ctd)	7.6	8.4	8.7	7.4	8.0	9.7	6.3	7.3	7.5	6.3	6.5			
Farm value/retail price (%)	58	55	54	57	55	56	56	56	56	55	55			
<b>Pork</b>														
Retail price 2/ (cets/lb)	162.0	162.0	178.4	188.4	191.3	183.6	186.2	196.9	194.4	189.2	185.6			
Wholesale value 3/ (cts)	110.1	101.1	110.9	113.0	113.5	126.2	127.0	119.8	112.7	103.1	106.5			
Net farm value 4/ (cts)	77.4	71.4	82.4	82.7	81.4	98.8	96.8	87.8	77.8	65.0	66.2			
Farm-retail spread (cts)	84.6	90.6	96.0	105.7	109.9	94.8	89.4	109.1	116.6	124.2	119.4			
Wholesale-retail spread 5/ (cts)	51.9	60.9	67.5	75.4	77.8	67.4	69.2	77.1	81.7	86.1	79.1			
Farm-wholesale spread 6/ (cts)	32.7	29.7	29.5	30.3	32.1	27.4	30.2	32.0	34.9	38.1	40.3			
Farm value/retail price (%)	48	44	46	44	43	51	49	45	40	34	36			

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. 2/ Estimated weighted average price of retail cuts from pork and choice yield grade 3 beef carcasses. Retail cut prices from BLS. 3/ Value of carcass quantity (beef) and wholesale cuts (pork) equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts. 4/ Market value to producer for quantity of live animal equivalent to 1 lb. of retail cuts minus value of byproducts. 5/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. 6/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditures, Statistical Bulletin 749, ERS, USDA.

Information contacts: Denis Dunham (202) 786-1870, Ron Gustafson (202) 786-1286.

Table 9.—Price Indexes of Food Marketing Costs

	Annual			1986		1987			
	1985	1986	1987	III	IV	I	II	III	IV P
	1967=100								
Labor-hourly earnings and benefits	363.0	359.8	367.7	356.0	359.1	366.5	366.7	366.4	367.4
Processing	357.9	365.8	377.4	362.3	366.8	375.3	376.4	373.3	384.7
Wholesaling	382.7	373.0	393.4	371.5	376.6	392.1	391.6	393.5	396.4
Retailing	364.1	348.0	346.6	342.7	343.7	346.5	346.0	347.0	347.0
Packaging & containers	312.1	317.4	329.8	318.3	320.6	325.0	328.1	330.9	335.5
Paperboard boxes & containers	271.6	269.1	288.0	270.1	273.7	281.5	285.5	288.8	296.1
Metal cans	416.8	430.1	433.0	430.2	430.2	431.3	433.5	433.5	433.5
Paper bags & related products	294.7	307.9	331.3	308.8	316.7	322.4	328.8	333.5	340.6
Plastic films & bottles	274.4	274.8	280.2	275.1	274.7	277.2	278.0	280.2	285.3
Glass containers	380.0	398.0	402.0	401.9	400.5	402.5	403.3	401.4	400.8
Metal foil	213.8	209.3	222.1	209.1	210.3	210.2	213.1	226.3	238.7
Transportation services	393.9	391.7	385.0	392.2	386.4	384.1	385.3	385.4	385.3
Advertising	320.2	339.7	361.1	341.6	345.6	354.9	359.0	363.2	367.2
Fuel & power	700.0	590.2	596.7	569.8	562.5	581.7	591.1	609.9	604.2
Electric	453.5	457.9	450.5	466.8	448.7	440.9	448.6	466.0	446.5
Petroleum	821.5	499.8	561.4	414.8	446.2	520.5	541.3	582.4	601.2
Natural gas	1,158.2	1,096.9	1,049.0	1,106.1	1,062.1	1,061.2	1,057.3	1,043.9	1,033.5
Communications, water & sewage	224.9	236.1	238.4	238.8	238.3	236.9	237.7	239.7	239.5
Rent	268.3	273.8	279.4	275.3	275.9	276.2	279.2	280.6	281.4
Maintenance & repair	360.3	368.5	382.6	369.1	373.5	377.5	379.7	385.1	387.9
Business services	321.9	334.1	346.1	335.8	338.5	341.8	345.3	346.8	350.6
Supplies	287.9	282.8	286.8	280.6	281.0	283.6	286.2	287.0	290.3
Property taxes & insurance	362.0	382.3	399.6	384.2	389.0	392.6	397.3	400.9	407.7
Interest, short-term	157.2	125.1	132.9	115.3	112.1	116.4	134.0	137.5	143.5
Total marketing cost index	358.6	355.0	363.2	352.7	354.3	359.9	362.0	363.7	366.8

\* Indexes measure changes in employee earnings and benefits and in prices of supplies and services used in processing, wholesaling, and retailing U.S. farm foods purchased for at-home consumption. P = preliminary.

Information contact: Denis Dunham (202) 786-1870.

# Livestock and Products

Table 10.—U.S. Meat Supply & Use

Item	Beg. stocks	Pro- duc- tion 1/	Im- ports	Total supply	Ex- ports	Ship- ments	Mili- tary con- sump- tion	Ending stocks	Civilian consumption		Primary market price 3/
									Total	Per capita 2/	
Million pounds 4/											
Beef:											
1985	358	23,728	2,071	26,157	328	51	115	317	25,346	79.1	58.37
1986	317	24,371	2,129	26,817	521	52	110	311	25,823	78.8	57.75
1987	311	23,584	2,250	26,145	630	56	105	300	25,054	75.7	64-65
1988 F	300	22,508	2,275	25,083	500	60	110	325	24,088	72.1	62-68
Pork:											
1985	274	14,807	1,128	16,209	128	131	70	229	15,651	62.1	44.77
1986	229	14,063	1,122	15,414	86	132	74	197	14,926	58.6	51.19
1987	197	14,379	1,200	15,776	100	127	75	280	15,203	59.1	51-52
1988 F	280	15,340	1,300	16,920	120	140	80	275	16,305	62.8	37-43
Veal:											
1985	14	515	20	549	4	1	7	11	526	1.8	62.42
1986	11	524	27	562	5	1	6	7	544	1.9	60.89
1987	7	434	25	466	16	1	7	7	447	1.5	78-79
1988 F	7	415	25	447	5	1	7	7	427	1.5	75-81
Lamb and mutton:											
1985	7	358	36	401	1	2	0	13	385	1.4	68.61
1986	13	338	41	392	2	2	0	13	376	1.4	69.46
1987	13	315	45	372	1	2	0	8	361	1.3	78-79
1988 F	8	327	50	395	2	1	0	9	373	1.4	70-76
Total red meat:											
1985	653	39,408	3,255	43,316	461	185	192	570	41,908	144.5	NA
1986	570	39,296	3,319	43,185	613	187	190	528	41,670	141.7	NA
1987	528	38,714	3,520	42,761	737	186	177	575	41,087	137.7	NA
1988 F	580	38,590	3,650	42,820	627	202	197	616	41,178	138.7	NA
Broilers:											
1985	20	13,762	0	13,781	417	143	34	27	13,161	55.5	50.8
1986	27	14,316	0	14,342	566	149	36	24	13,568	56.7	56.9
1987	24	15,538	0	15,562	786	146	32	25	14,572	60.3	47-48
1988 F	25	16,332	0	16,357	800	140	36	25	15,356	63.0	40-46
Mature chicken:											
1985	119	636	0	755	21	1	2	144	587	2.5	NA
1986	144	629	0	773	16	3	2	163	589	2.5	NA
1987	163	655	0	818	16	3	2	213	583	2.4	NA
1988 F	213	664	0	878	30	4	1	160	683	2.8	NA
Turkeys:											
1985	125	2,942	0	3,067	27	7	13	150	2,870	12.1	75.5
1986	150	3,271	0	3,422	27	4	10	178	3,202	13.4	72.2
1987	178	3,855	0	4,033	32	5	16	284	3,697	15.3	57-58
1988 F	300	4,281	0	4,585	30	4	16	200	4,265	17.5	51-57
Total poultry:											
1985	264	17,340	0	17,604	465	151	49	321	16,619	70.1	NA
1986	321	18,216	0	18,537	609	156	47	365	17,359	72.5	NA
1987	365	20,062	0	20,428	834	153	51	523	19,867	78.0	NA
1988 F	480	21,277	0	21,800	860	148	53	435	20,304	83.2	NA
Red meat & poultry:											
1985	917	56,748	3,255	60,920	926	336	241	891	58,526	214.6	NA
1986	891	57,512	3,319	61,722	1,222	343	236	892	59,029	214.3	NA
1987	892	58,756	3,520	63,168	1,571	339	228	1,103	59,928	216.7	NA
1988 F	1,103	59,867	3,650	64,620	1,487	350	250	1,051	61,471	221.9	NA

1/ Total including farm production for red meats and federally inspected plus non-federally inspected for poultry. 2/ Retail weight basis. (The beef carcass-to-retail conversion factor was changed from .74 to .73 beginning in 1986.) 3/ Dollars per cut for red meat; cents per pound for poultry. Beef: Choice steers, Omaha 800-1,100 lb.; pork: barrows and gilts, 7 markets; veal: farm price of calves; lamb and mutton: Choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats and certified ready-to-cook for poultry. F = forecast. NA = not available.

Information contacts: Ron Gustafson, Leland Southard, or Mark Weimar (202) 786-1285.

Table 11.—U.S. Egg Supply &amp; Use

	Beg. stocks	Pro-duction	Im-ports	Total supply	Ex-ports	Ship-ments	Milli-tary use	Hatch-ing use	Ending stocks	Civilian consumption		Wholesale price <sup>a</sup>
										Total	Per Capita	
											No	
Million dozen												
1983	20.3	5,659.2	23.4	5,703.0	85.8	26.6	25.1	500.0	9.3	5,056.2	260.8	75.2
1984	9.3	5,708.2	32.0	5,749.5	58.2	27.8	17.6	529.7	11.1	5,105.1	260.9	80.9
1985	11.1	5,688.0	12.7	5,711.8	70.6	30.3	20.2	548.1	10.7	5,031.8	254.7	66.4
1986	10.7	5,705.0	13.7	5,729.4	101.6	28.0	17.5	565.9	10.4	5,005.1	250.9	71.1
1987	10.4	5,785.7	5.8	5,811.9	106.8	23.1	18.1	593.9	10.0	5,053.3	250.9	61.6
1988 F	15.0	5,765.0	4.0	5,784.0	110.0	24.0	20.0	625.0	10.0	4,995.0	245.7	57-63

<sup>a</sup> Cartoned Grade A large eggs in New York. F = forecast. Information contact: Mark Weimar (202) 786-1714.

Table 12.—U.S. Milk Supply & Use<sup>1</sup>

Calendar year	Pro-duction	Farm use	Commercial			Total commer- cial supply	CCC net re- movals	Commercial		All milk price 2/
			Farm market- ings	Beg. stocks	Im- ports			Ending stocks	Disap- pear- ance	
			Billion pounds							
1981	132.8	2.3	130.5	5.8	2.3	138.5	12.9	5.4	120.3	13.77
1982	135.5	2.4	133.1	5.4	2.5	141.0	14.3	4.6	122.1	13.61
1983	139.7	2.4	137.3	4.6	2.6	144.5	16.8	5.2	122.5	13.58
1984	135.4	2.9	132.5	5.2	2.7	140.5	8.6	4.9	126.9	13.46
1985	143.1	2.5	140.7	4.9	2.8	148.4	13.2	4.6	130.6	12.75
1986	144.1	2.6	141.5	4.6	2.7	149.1	10.6	4.2	134.0	12.51
1987 P	142.9	2.5	140.4	4.2	2.6	147.2	6.7	4.5	136.0	12.53
1988 F	145.5	2.4	143.1	4.5	2.6	150.2	6.0	4.7	139.5	11.80

1/ Milkfat basis. Totals may not add because of rounding. 2/ Delivered to plants and dealers; does not reflect deductions. P = Preliminary. F = forecast.

Information contact: Jim Miller (202) 786-1830

Table 13.—Poultry &amp; Eggs

	Annual			1986		1987					
	1985	1986	1987 P	Dec	July	Aug	Sept	Oct	Nov	Dec	
<b>Broilers</b>											
Federally inspected slaughter, certified (mil lb)	13,569.2	14,265.6	15,488.1	1,252.2	1,337.9	1,257.0	1,370.7	1,381.4	1,177.1	1,332.4	
Wholesale price, 12-city, (cts/lb)	50.8	56.9	47.4	50.0	47.0	52.6	46.4	43.2	44.6	39.8	
Price of grower feed (\$/ton)	197	187	224	175	194	182	190	194	196	197	
Broiler-feed price ratio 1/	3.1	3.7	3.7	3.5	2.9	3.3	3.0	2.6	2.7	2.5	
Stocks beginning of period (mil lb)	19.7	26.6	30.7	22.5	24.2	21.8	24.7	28.3	27.3	24.1	
Broiler-type chicks hatched (mil) 2/	4,803.8	5,013.3	535.1	437.3	458.9	449.9	430.7	438.8	420.2	465.5	
<b>Turkeys</b>											
Federally inspected slaughter, certified (mil lb)	2,800	3,133	3,715	248.2	358.8	356.9	383.3	411.0	373.5	296.4	
Wholesale price, Eastern U.S., 8-16 lb. young hens (cts/lb)	75.5	72.2	57.8	71.1	56.3	56.1	56.1	54.7	60.7	66.5	
Price of turkey grower feed (\$/ton)	212	215	256	215	214	217	220	214	217	218	
Turkey-feed price ratio 1/	4.5	4.1	3.9	4.0	3.1	2.9	2.8	2.8	3.1	3.6	
Stocks beginning of period (mil lb)	125.3	150.2	437.2	249.0	381.1	472.5	559.6	640.5	628.8	321.4	
Poults placed in U.S. (mil)	197.8	225.4	26.5	17.7	26.0	20.0	15.7	15.7	17.7	19.9	
<b>Eggs</b>											
Farm production (mil)	68,256	68,459	6,955	5,950	5,790	5,786	5,686	5,931	5,803	6,007	
Average number of layers (mil) 3/	277	278	280	234	229	231	233	236	237	238	
Rate of lay (eggs per layer on farms) 3/	247	248	248	21.2	20.8	20.8	20.2	21.0	20.4	21.2	
Cartoned price, New York, grade A large (cts/doz) 4/	66.4	71.1	61.6	75.5	59.1	63.2	68.3	60.2	60.5	56.9	
Price of laying feed (\$/ton)	182	174	203	165	177	178	178	168	167	168	
Egg-feed price ratio 1/	6.3	7.0	7.6	7.9	5.8	5.7	6.7	6.1	6.6	5.8	
<b>Stocks, first of month</b>											
Shell (mil doz)	.93	.72	1.16	.87	.96	1.02	.96	.99	1.53	1.20	
Frozen (mil doz)	10.2	10.0	14.5	.99	12.9	13.1	13.3	12.5	13.6	13.1	
Replacement chicks hatched (mil)	407	425	43.1	33.3	33.5	35.3	32.5	34.2	31.0	31.6	

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks are currently reported for 12 States only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Monthly data only available for 20 States. 4/ Price of cartoned eggs to volume buyers for delivery to retailers. P = preliminary.

Information contact: Mark Weimar (202) 786-1830.

Table 14.—Dairy

	Annual			1986	1987					
	1985	1986	1987	Dec	July	Aug	Sept	Oct	Nov	Dec
Milk prices, Minnesota-Wisconsin, 3.5% fat (\$/cwt) 1/	11.48	11.30	11.23	11.88	11.17	11.27	11.42	11.35	11.34	11.12
Wholesale Prices										
Butter, Grade A Chl. (cts/lb)	141.1	144.5	140.2	145.5	149.0	148.1	145.3	136.8	135.6	134.0
Am. cheese, Wis. assembly pt. (cts/lb)	127.7	127.3	123.2	130.4	123.2	125.5	126.6	121.9	121.3	120.7
Nonfat dry milk, (cts/lb) 2/	84.0	80.6	79.3	81.3	79.2	79.6	80.4	80.0	77.6	77.0
USDA net removals										
Total milk equiv. (mil lb) 3/	13,174.1	10,628.1	6,706.0	390.1	157.8	148.9	349.9	660.4	429.3	746.4
Butter (mil lb)	334.2	287.6	187.3	9.6	-2	1.0	10.0	22.2	10.9	18.7
Am. cheese (mil lb)	629.0	468.4	282.0	19.0	15.7	12.2	14.0	19.8	20.4	36.1
Nonfat dry milk (mil lb)	940.6	827.3	559.4	46.8	53.2	39.6	33.7	30.4	24.2	42.4
Milk										
Milk prod 21 States (mil lb)	121,043	122,185	121,740	9,717	10,433	10,270	9,887	10,044	9,646	10,047
Milk per cow (lb)	13,160	13,445	13,850	1,095	1,188	1,171	1,127	1,144	1,098	1,141
Number of milk cows (thou)	9,198	9,088	8,790	8,873	8,785	8,772	8,775	8,781	8,782	8,806
U.S. milk production (mil lb)	143,147	144,080	142,933	11,430	6/12,226	6/12,015	6/11,590	6/11,770	6/11,324	6/11,790
Stock, beginning										
Total (mil lb)	16,704	13,695	12,867	13,994	12,724	11,770	10,580	9,981	8,762	8,082
Commercial (mil lb)	4,937	4,590	4,165	4,342	5,661	5,696	5,328	5,380	4,983	4,630
Government (mil lb)	11,767	9,105	8,702	9,652	7,063	6,074	5,252	4,602	3,779	3,452
Imports, total (mil lb) 3/	2,777	2,733	NA	324	244	227	210	261	279	NA
Commercial disappearance milk equiv. (mil lb)	130,640	134,049	NA	11,324	12,060	12,244	11,187	11,551	11,316	NA
Butter										
Production (mil lb)	1,247.8	1,202.4	1,113.4	109.4	76.2	67.6	78.1	90.2	88.2	109.4
Stocks, beginning (mil lb)	296.5	205.5	193.0	218.5	237.9	211.2	187.3	176.2	165.6	158.5
Commercial disappearance (mil lb)	918.2	922.9	NA	94.4	79.2	78.3	63.5	71.8	85.3	NA
American cheese										
Production (mil lb)	2,855.2	2,798.2	2,740.9	217.7	240.6	208.5	206.5	217.6	210.2	231.7
Stocks, beginning (mil lb)	960.5	850.2	697.1	770.8	603.0	577.8	533.3	505.0	446.5	401.8
Commercial disappearance (mil lb)	2,279.1	2,382.8	NA	211.7	220.4	214.8	193.4	229.8	201.6	NA
Other Cheese										
Production (mil lb)	2,225.7	2,411.0	2,576.8	221.7	217.6	215.0	220.5	228.1	218.9	225.3
Stocks, beginning (mil lb)	101.4	94.1	92.0	91.5	94.4	95.2	96.7	95.4	97.0	92.8
Commercial disappearance (mil lb)	2,515.7	2,684.9	NA	254.4	242.3	235.2	244.7	253.6	254.8	NA
Nonfat dry milk										
Production (mil lb)	1,390.0	1,284.1	1,039.2	89.4	98.6	80.0	65.7	65.6	65.0	89.3
Stocks, beginning (mil lb)	1,247.6	1,011.1	686.8	742.6	428.7	334.7	301.8	245.9	200.4	188.0
Commercial disappearance (mil lb)	435.0	479.1	NA	28.8	57.9	46.5	42.5	45.3	40.8	NA
Frozen dessert										
Production (mil gal) 4/	1,251.0	1,248.6	1,273.1	80.1	135.9	123.3	108.5	95.2	81.7	84.6
	Annual			1986			1987			
	1985	1986	1987	II	III	IV	I	II	III	IV
Milk Production (mil lb)	143,147	144,080	142,933	38,350	35,610	33,947	34,877	37,341	35,831	34,884
Milk per cow (lb)	12,994	13,293	13,700	3,505	3,327	3,208	3,328	3,583	3,442	3,349
No. of milk cows (thou)	11,016	10,839	10,433	10,943	10,703	10,583	10,481	10,422	10,411	10,416
Milk-feed price ratio 5/	1.72	1.73	1.83	1.64	1.72	1.91	1.88	1.76	1.80	1.89
Return over concentrate 5/ costs (\$/cwt milk)	9.54	9.23	9.50	8.55	8.97	10.10	9.82	8.99	9.26	9.97

1/ Manufacturing grade milk. 2/ Prices paid f.o.b. Central States production area, high heat spray process.

3/ Milk-equivalent, fat-basis. 4/ Ice cream, ice milk, and hard sherbet. 5/ Based on average milk price after adjustment for price-support deductions. 6/ Estimated. NA = not available.

Information Contact: Jim Miller (202) 786-1770.

Table 15.—Wool

	Annual			1986	1987					
	1985	1986	1987	Dec	July	Aug	Sept	Oct	Nov	Dec
U.S. wool price, Boston 1/ (cts/lb)	192	191	265	190	270	300	295	300	300	300
Imported wool price, Boston 2/ (cts/lb)	197	201	247	208	243	261	244	259	274	278
U.S. mill consumption, scoured										
Apparel wool (thou lb)	106,051	126,768	137,498	10,109	9,661	10,030	12,438	10,691	10,287	11,837
Carpet wool (thou lb)	10,562	9,960	13,091	534	1,162	1,412	1,174	1,414	1,063	707

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4" and up. 2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents.

Information Contact: John Lawler (202) 786-1840.

Table 16.—Meat Animals

	Annual			1986		1987				
	1985	1986	1987	Dec	July	Aug	Sept	Oct	Nov	Dec
<b>Cattle on feed (7-States)</b>										
Number on feed (thou head) 1/	8,635	7,920	7,643	7,826	7,193	6,689	6,818	7,535	8,364	8,412
Placed on feed (thou head)	19,346	20,035	21,020	1,435	1,264	1,897	2,424	2,604	1,609	1,350
Marketings (thou head)	18,989	19,263	19,390	1,514	1,694	1,700	1,636	1,690	1,458	1,577
Other disappearance (thou head)	1,132	1,049	1,207	104	74	68	71	85	103	119
Beef steer-corn price ratio, Omaha 2/	23.3	31.0	41.0	38.9	41.0	44.0	42.8	41.2	38.4	36.7
Hog-corn price ratio, Omaha 2/	17.8	27.8	33.7	33.4	38.4	41.3	36.3	31.0	24.3	23.8
<b>Market prices (\$ per cwt)</b>										
<b>Slaughter cattle:</b>										
Choice steers, Omaha	58.37	57.75	64.60	59.82	65.80	64.50	64.81	64.81	64.20	63.93
Utility cows, Omaha	38.32	37.19	44.83	35.48	45.64	46.35	47.62	46.41	44.46	46.69
Choice vealers, S. St. Paul	58.28	59.92	78.74	67.50	77.50	79.22	80.25	82.50	82.50	83.00
<b>Feeder cattle:</b>										
Choice, Kansas City, 600-700 lb.	64.56	62.79	75.36	65.00	76.20	79.38	81.50	77.00	79.50	78.90
<b>Slaughter hogs:</b>										
Barrows & gilts, 7-markets	44.77	51.19	51.69	51.42	61.85	60.35	54.72	48.75	40.65	41.14
<b>Feeder pigs:</b>										
S. Mo. 40-50 lb. (per head)	37.20	45.62	46.69	47.69	45.60	48.05	47.28	41.53	36.56	31.74
<b>Slaughter sheep &amp; lambs:</b>										
Lambs, Choice, San Angelo	58.61	69.46	78.09	73.33	76.83	71.83	70.05	66.25	65.00	73.83
Ewes, Good, San Angelo	34.02	34.78	38.62	38.00	36.62	38.67	39.81	37.13	37.83	39.88
<b>Feeder lambs:</b>										
Choice, San Angelo	85.91	73.14	102.26	89.92	98.75	98.00	102.55	102.00	99.50	105.83
<b>Wholesale meat prices, Midwest</b>										
Choice steer beef, 600-700 lb.	90.76	88.98	97.21	92.04	99.29	95.45	96.87	96.77	95.34	94.50
Canner & Cutter cow beef	74.13	71.31	83.70	69.58	84.51	85.63	86.82	83.80	83.41	88.45
Pork loins, 8-14 lb. 3/	91.51	104.78	106.23	102.30	121.73	123.50	122.66	103.49	80.35	84.70
Pork bellies, 12-14 lb.	59.50	65.82	63.11	64.72	83.62	80.46	59.74	49.39	45.86	42.60
Hams, skinned, 14-17 lb.	67.50	80.01	80.96	87.43	79.93	86.15	93.58	97.81	96.36	91.98
All fresh beef retail price 4/	NA	NA	212.92	NA	215.56	213.99	214.48	213.64	215.94	214.69
<b>Commercial slaughter (thou head)*</b>										
<b>Cattle</b>	36,293	37,288	35,647	3,076	3,098	3,054	3,070	3,131	2,752	2,900
Steers	16,912	17,516	17,443	1,399	1,562	1,492	1,424	1,512	1,314	1,425
Heifers	11,237	11,097	10,906	875	915	958	1,055	962	817	868
Cows	7,391	7,960	6,608	746	561	547	527	593	570	555
Bulls & stags	758	715	690	55	60	58	64	64	51	51
Calves	3,385	3,408	2,836	289	232	214	243	249	223	253
Sheep & lambs	6,165	5,635	5,198	454	426	416	474	460	411	451
Hogs	84,492	79,898	81,090	6,796	6,187	6,176	7,030	7,723	7,321	7,815
<b>Commercial production (mil lb)</b>										
Beef	23,557	24,213	23,406	1,971	2,017	2,005	2,041	2,098	1,829	1,925
Veal	499	509	422	41	34	30	36	37	32	36
Lamb & mutton	352	331	309	28	25	24	28	28	25	27
Pork	14,728	13,888	14,314	1,221	1,082	1,074	1,228	1,363	1,312	1,390

	Annual			1986		1987					1988
	1985	1986	1987	III	IV	I	II	III	IV	I	
<b>Cattle on feed (13-States)</b>											
Number on feed (thou head) 1/	10,653	9,754	9,245	7,970	8,197	9,245	8,807	8,666	8,992	9,769	
Placed on feed (thou head)	23,366	23,583	24,874	6,336	6,756	5,680	5,906	6,590	6,698	NA	
Marketings (thou head)	22,887	22,856	22,971	5,876	5,396	5,747	5,619	6,022	5,583	6/5,875	
Other disappearance (thou head)	1,378	1,236	1,379	233	312	371	428	242	338	NA	
<b>Hogs &amp; pigs (10-States) 5/</b>											
Inventory (thou head) 1/	42,420	41,100	39,690	38,075	39,585	39,690	38,370	40,880	43,075	42,275	
Breeding (thou head) 1/	5,348	5,258	5,110	4,870	4,895	5,110	5,215	5,325	5,300	5,400	
Market (thou head) 1/	37,072	35,842	34,580	33,155	34,690	34,580	33,155	35,555	37,775	36,875	
Farrowings (thou head)	8,831	8,223	8,783	2,074	2,115	1,967	2,352	2,257	2,258	6/2,113	
Pig crop (thou head)	67,648	63,835	68,417	16,164	16,460	14,840	18,601	17,481	17,495	NA	

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lb.; January 1986 prices are for 14-18 lb. 4/ New series estimating the composite price of all beef grades and ground beef sold by retail stores. This new series is in addition to but does not replace the series for the retail price of choice beef that appears in table 8. 5/ Quarters are Dec. of preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). 6/ Intentions. \*Classes estimated, NA = not available.

Information contacts: Ron Gustafson or Leland Southard (202) 786-1286.

# Crops and Products

Table 17.—Supply & Utilization<sup>1,2</sup>

	Area				Production	Total supply <sup>4/</sup>	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price <sup>5/</sup>
	Set aside <sup>3/</sup>	Planted	Harvested	Yield								
	Mill. acres			Bu./acre								\$/bu
<b>Wheat</b>												
1982/83	5.8	86.2	77.0	35.5	2,765	3,932	195	713	1,509	2,417	1,515	3.45
1983/84	30.0	76.4	61.4	39.4	2,420	3,939	369	742	1,429	2,540	1,389	3.51
1984/85	18.6	79.2	66.9	38.8	2,595	4,003	405	749	1,424	2,578	1,425	3.39
1985/86*	18.8	75.6	64.7	37.5	2,425	3,866	270	776	915	1,961	1,905	3.08
1986/87*	21.0	72.1	60.7	34.4	2,092	4,018	385	808	1,004	2,197	1,821	2.42
1987/88*	23.7	65.8	55.9	37.6	2,105	3,941	275	835	1,550	2,660	1,281	2.55-2.65
<b>Rice</b>												
	Mill. acres			lb./acre				Mill. cwt (rough equiv.)				\$/cwt
1982/83	0.42	3.30	3.26	4,710	153.6	203.4	--	6/52.9	68.9	131.8	71.5	7.91
1983/84	1.74	2.19	2.17	4,598	99.7	171.9	--	6/54.9	70.3	125.0	46.9	8.57
1984/85	.79	2.83	2.80	4,954	138.8	187.3	--	6/60.5	62.1	122.6	64.7	8.04
1985/86*	1.24	2.51	2.49	5,414	134.9	201.8	--	6/65.8	58.7	124.5	77.3	6.53
1986/87*	1.26	2.58	2.36	5,651	133.4	213.3	--	6/76.3	85.4	161.7	51.6	3.75
1987/88*	1.38	2.35	2.33	5,482	127.7	181.9	--	6/78.8	79.0	157.8	24.1	7.00-8.00
<b>Corn</b>												
	Mill. acres			Bu./acre				Mill. bu				\$/bu
1982/83	2.1	81.9	72.7	113.2	8,235	10,772	4,521	894	1,834	7,249	3,523	2.55
1983/84	32.2	60.2	51.5	81.1	4,175	7,700	3,819	875	1,901	6,694	1,006	3.21
1984/85	3.9	80.8	71.9	106.7	7,674	8,684	4,079	1,091	1,865	7,036	1,648	2.63
1985/86*	5.4	83.4	75.2	118.0	8,877	10,536	4,095	1,160	1,241	6,496	4,040	2.23
1986/87*	13.6	76.7	69.2	119.3	8,253	12,294	4,717	1,191	1,904	7,412	4,882	1.50
1987/88*	21.1	65.7	59.2	119.4	7,064	11,948	4,900	1,225	1,700	7,825	4,123	1.65-1.85
<b>Sorghum</b>												
	Mill. acres			Bu./acre				Mill. bu				\$/bu
1982/83	0.7	16.0	14.1	59.1	835	1,154	495	10	210	715	439	2.47
1983/84	5.7	11.9	10.0	48.7	488	927	385	10	245	640	287	2.74
1984/85	.6	17.3	15.4	56.4	866	1,154	539	18	297	854	300	2.32
1985/86*	.9	18.3	16.8	66.8	1,120	1,420	664	28	178	869	551	1.93
1986/87*	2.3	15.3	13.9	67.7	942	1,493	548	15	198	761	732	1.37
1987/88*	3.8	11.8	10.6	69.9	741	1,472	550	15	225	790	682	1.50-1.75
<b>Barley</b>												
	Mill. acres			Bu./acre				Mill. bu				\$/bu
1982/83	0.4	9.5	9.0	57.2	516	675	241	170	47	458	217	2.18
1983/84	1.1	10.4	9.7	52.3	509	733	282	170	92	544	189	2.47
1984/85	.5	12.0	11.2	53.4	599	799	304	170	77	551	247	2.29
1985/86*	.7	13.2	11.6	51.0	591	848	333	169	22	523	325	1.98
1986/87*	1.8	13.1	12.0	50.8	611	942	276	174	137	586	356	1.61
1987/88*	2.9	11.0	10.0	52.6	527	868	275	175	125	575	293	1.70-1.85
<b>Oats</b>												
	Mill. acres			Bu./acre				Mill. bu				\$/bu
1982/83	0.1	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49
1983/84	.3	20.3	9.1	52.6	477	727	466	78	-2	546	181	1.62
1984/85	1	12.4	8.2	58.0	474	689	433	74	1	509	180	1.67
1985/86*	.5	13.3	8.2	63.7	521	728	460	82	2	544	184	1.23
1986/87*	4	14.7	6.9	56.3	366	603	395	73	3	471	133	1.21
1987/88*	1.0	18.0	6.9	54.0	374	542	350	75	1	426	116	1.50-1.65
<b>Soybeans</b>												
	Mill. acres			Bu./acre				Mill. bu				\$/bu
1982/83	0	70.9	69.4	31.5	2,190	2,444	7/86	1,108	905	2,099	345	5.69
1983/84	0	63.8	62.5	26.2	1,636	1,981	7/79	983	743	1,805	176	7.83
1984/85	0	67.8	66.1	28.1	1,861	2,037	7/93	1,030	598	1,721	316	5.84
1985/86*	0	63.1	61.6	34.1	2,099	2,415	7/86	1,053	740	1,879	536	5.05
1986/87*	0	60.4	58.3	33.3	1,940	2,476	7/104	1,179	757	2,040	436	4.80
1987/88*	0	57.4	56.4	33.7	1,905	2,341	7/96	1,180	760	2,036	305	5.35-5.75
<b>Soybean oil</b>												
								Mill. lbs				¢/lb
1982/83	--	--	--	--	12,041	13,144	--	9,858	2,028	11,883	1,261	20.6
1983/84	--	--	--	--	10,872	12,133	--	8,588	1,824	11,412	721	30.6
1984/85	--	--	--	--	11,468	12,209	--	9,917	1,660	11,577	632	29.8
1985/86*	--	--	--	--	11,617	12,257	--	10,053	1,257	11,310	947	18.0
1986/87*	--	--	--	--	12,783	13,745	--	10,833	1,187	12,020	1,725	15.4
1987/88*	--	--	--	--	13,030	14,755	--	11,150	2,205	13,155	1,400	18.0-21.0
<b>Soybean meal</b>												
								Thou. tons				¢/ton
1982/83	--	--	--	--	26,714	26,889	--	19,306	7,109	26,415	474	187
1983/84	--	--	--	--	22,756	23,230	--	17,615	5,360	22,975	255	188
1984/85	--	--	--	--	24,529	24,784	--	19,480	4,917	24,397	387	125
1985/86*	--	--	--	--	24,951	25,338	--	19,090	6,036	25,126	212	155
1986/87*	--	--	--	--	27,758	27,970	--	20,387	7,343	27,730	240	163
1987/88*	--	--	--	--	28,010	28,250	--	20,950	7,000	27,950	300	175-195

See footnotes at end of table.

Table 17.— Supply &amp; Utilization, continued

	Area				Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/	
	Set aside 3/	Planted	Harvested	Yield									
	Mill. acres				lb/acre				Mill. bales				c/lb
Cotton 10/													
1982/83	1.6	11.3	9.7	590	12.0	18.6	--	5.5	5.2	10.7	7.9	59.5	
1983/84	6.8	7.9	7.3	508	7.8	15.7	--	5.9	6.8	12.7	2.8	65.3	
1984/85	2.5	11.1	10.4	600	13.0	15.8	--	5.5	6.2	11.8	4.1	58.7	
1985/86*	3.6	10.7	10.2	630	13.4	17.6	--	6.4	2.0	8.4	9.4	56.5	
1986/87*	3.3	10.0	8.5	552	9.7	19.1	--	7.4	6.7	14.1	5.0	52.2	
1987/88*	3.1	10.4	10.0	703	14.7	19.8	--	7.8	7.0	14.8	5.1	--	

\*February 8, 1988 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats; August 1 for cotton and rice; September 1 for soybeans, corn, and sorghum; October 1 for soybean oil and soybean meal. 2/ Conversion factors: Hectare (ha) = 2.471 acres; 1 metric ton = 2204.622 pounds; 36.7437 bushels of wheat or soybeans; 39.3679 bushels of corn or sorghum; 45.9296 bushels of barley; 68.8944 bushels of oats; 22.046 cwt. of rice; and 4.59 480-pound bales of cotton. 3/ Includes diversion, PIA, and acreage reduction programs. 4/ Includes reports. 5/ Market average prices do not include an allowance for loans outstanding and Government purchases. 6/ Residual included in domestic use. 7/ Includes seed. 8/ Average of crude soybean oil, Decatur. 9/ Average of 44 percent, Decatur. 10/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks.

Information contact: Commodity Economics Division, Crops Branch (202) 786-1840.

Table 18.—Food Grains

	Marketing year 1/				1986		1987			
	1983/84	1984/85	1985/86	1986/87	Dec	Aug	Sept	Oct	Nov	Dec
Wholesale prices										
Wheat, No. 1 HRW,										
Kansas City (\$/bu) 2/	3.84	3.74	3.28	2.72	2.68	2.65	2.78	2.90	2.90	3.70
Wheat, DNS,										
Minneapolis (\$/bu) 2/	4.21	3.70	3.25	2.62	2.77	2.60	2.74	2.85	2.81	2.96
Rice, S.W. La. (\$/cwt) 3/	19.38	17.98	16.11	10.25	10.13	11.00	12.25	17.70	19.75	19.70
Wheat										
Exports (mil bu)	1,429	1,424	915	1,004	58	118	124	105	79	NA
Mill grind (mil bu)	694	676	711	779	66	66	67	71	68	NA
Wheat flour production (mil cwt)	308	301	320	351	30	30	30	32	30	NA
Rice										
Exports (mil cwt, rough equiv)	70.3	62.1	58.7	85.4	6.5	7.0	4.5	10.0	8.0	4.5
	Marketing year 1/				1986		1987			
	1984/85	1985/86	1986/87	Apr-May	Jun-Aug	Sept-Nov	Dec-Feb	Mar-May	Jun-Aug	Sept-Nov
Wheat										
Stocks, beginning (mil bu)	1,399	1,425	1,905	2,130.0	1,905.0	3,154.6	2,671.5	2,249.8	1,820.9	2,988.5
Domestic use:										
Food (mil bu)	651	683	714	110.7	174.1	192.2	177.2	180.3	184.9	196.1
Feed & seed (mil bu) 4/	502	363	548	1.8	346.8	31.1	47.6	38.7	345.5	-17.7
Exports (mil bu)	1,424	915	1,004	115.3	320.6	263.4	202.7	216.8	409.9	308.5

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. NA = not available.

Information contacts: Ed Allen and Janet Livezey (202) 786-1840.

Table 19.—Cotton

	Marketing year 1/				1986		1987			
	1983/84	1984/85	1985/86	1986/87	Dec	Aug	Sept	Oct	Nov	Dec
U.S. price, SLM,										
1-1/16 in. (cts/lb) 2/	73.1	60.5	60.0	53.2	54.2	75.9	71.4	64.3	64.7	62.3
Northern Europe prices:										
Index (cts/lb) 3/	87.6	69.2	48.9	62.0	59.2	86.6	83.6	76.2	75.8	75.3
U.S. M 1-3/32 in. (cts/lb) 4/	87.1	73.9	64.8	61.8	62.1	87.4	83.1	76.8	76.4	75.0
U.S. mill consumption (thou bales)	5,927	5,545	6,399	7,452	556	666	694	650	635	645
Exports (thou bales)	6,786	6,201	1,969	6,684	570	420	315	367	615	710
Stocks, beginning (thou bales)	7,937	2,775	4,102	9,348	12,677	5,026	4,381	6,218	9,660	12,058

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook (A) Index; average of 5 lowest priced of 11 selected growths. 4/ Memphis territory growths.

Information contact: Bob Skinner (202) 786-1840.

Table 20.—Feed Grains

	Marketing year 1/				1986	1987				
	1983/84	1984/85	1985/86	1986/87	Dec	Aug	Sept	Oct	Nov	Dec
<b>Wholesale prices</b>										
Corn, No. 2 yellow, Chicago (\$/bu)	3.46	2.79	2.35	1.64	1.66	1.53	1.62	1.73	1.86	1.89
Sorghum, No. 2 yellow, Kansas City (\$/cwt)	5.22	4.46	3.72	2.73	2.62	2.55	2.65	2.75	2.90	2.95
Barley, feed, Minneapolis (\$/bu) 2/	2.48	2.09	1.63	1.44	1.23	1.60	1.76	1.78	1.82	1.74
Barley, malting, Minneapolis (\$/bu)	2.84	2.55	2.24	1.89	1.88	1.73	1.98	2.08	2.05	2.01
<b>Exports</b>										
Corn (mil bu)	1,902	1,865	1,241	1,504	111	112	136	139	123	NA
Feed grains (mil metric tons) 3/	56.5	56.6	36.6	46.3	3.7	3.2	4.1	4.3	3.8	NA

	Marketing year 1/				1986		1987			
	1983/84	1984/85	1985/86	1986/87	June-Aug	Sept-Nov	Dec-Feb	Mar-May	Jun-Aug	Sept-Nov
<b>Corn</b>										
Stocks, beginning (mil bu)	3,523	1,006	1,648	4,040	4,990	4,040	10,306	8,248	6,332	4,882
Domestic use:										
Feed (mil bu)	3,818	4,079	4,095	4,717	494	1,384	1,472	1,091	768	1,494
Food, seed, ind. (mil bu)	975	1,091	1,160	1,191	308	280	270	325	315	287
Exports (mil bu)	1,902	1,865	1,241	1,504	154	321	315	500	368	398
Total use (mil bu)	6,694	7,036	6,496	7,410	956	1,985	2,058	1,917	1,451	2,179

1/ September 1 for corn and sorghum; June 1 for oats and barley. 2/ Beginning March 1987 reporting point changed from Minneapolis to Duluth. 3/ Aggregated data for corn, sorghum, oats, and barley. NA = not available.

Information contact: Larry Van Meir (202) 786-1840

Table 21.—Fats &amp; Oils

	Marketing year 1/				1986	1987				
	1983/84	1984/85	1985/86	1986/87	Nov	July	Aug	Sept	Oct	Nov
<b>Soybeans</b>										
Wholesale price, No. 1 yellow, Chicago (\$/bu) 2/	7.78	5.88	5.20	5.03	4.96	5.31	5.02	5.14	5.18	5.53
Crushings (mil bu)	982.7	1,030.5	1,052.8	1,178.8	109.4	92.6	82.4	79.7	102.5	111.2
Exports (mil bu)	742.8	600.7	740.7	756.9	96.6	54.3	54.5	56.7	97.9	98.1
Stocks, beginning (mil bu)	344.6	175.7	316.0	536.0	108.1	63.6	49.8	31.2	65.7	158.5
<b>Soybean oil</b>										
Wholesale price, crude, Decatur (cts/lb)	30.55	29.52	18.02	15.36	14.88	15.41	15.16	15.58	17.03	17.55
Production (mil lb)	10,862.8	11,467.9	11,617.3	12,783.1	1,171.5	1,013.7	891.3	881.4	1,119.7	1,207.1
Domestic disp. (mil lb)	9,589.6	9,888.5	10,045.9	10,820.1	838.8	992.5	835.0	911.0	1,083.9	898.3
Exports (mil lb)	1,813.7	1,659.9	1,257.3	1,184.5	27.4	175.6	261.0	224.8	100.1	139.0
Stocks, beginning (mil lb)	1,260.9	720.5	632.5	946.6	963.6	2,338.6	2,184.2	1,979.4	1,725.0	1,660.6
<b>Soybean meal</b>										
Wholesale price, 44% protein, Decatur (\$/ton)	188.21	125.46	154.88	162.61	154.00	181.25	169.90	177.20	185.50	206.60
Production (thou ton)	22,756.2	24,529.9	24,951.3	27,758.8	2,562.8	2,185.2	1,948.9	1,887.7	2,439.4	2,667.8
Domestic disp. (thou ton)	17,538.8	19,481.3	19,117.2	20,402.2	1,575.2	1,673.2	1,558.5	1,744.2	2,151.6	2,113.9
Exports (thou ton)	5,436.1	4,916.5	6,009.3	7,328.2	818.4	480.3	382.0	204.6	260.4	509.7
Stocks, beginning (thou ton)	474.1	255.4	386.9	211.7	218.0	261.3	292.9	301.3	240.2	267.6
<b>Margarine, wholesale price,</b>										
Chicago, white (cts/lb)	46.3	55.5	51.2	40.3	38.88	38.88	39.20	40.00	41.69	42.65

1/ Beginning September 1 for soybeans; October 1 for soybean meal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper and of the range.

Information contacts: Roger Hoskin (202) 786-1840; Tom Bickerton (202) 786-1691.

Table 22.—Farm Programs, Price Supports, Participation &amp; Payment Rates

	Target price	Loan rate	Findley loan rate	Deficiency	Payment rates			Base acres	Program 1/	Participation rate 2/
					Paid land diversion	PIK				
					\$/bu.	Percent 3/	Mill. acres			Percent of base
<b>Wheat</b>										
1983/84	4.30	3.65		.65	2.70	85	90.8	15/5/10-30		78/78/51
1984/85	4.38	3.30		1.00	2.70	85	94.0	20/10/10-20		60/60/20
1985/86	4.38	3.30		1.08	2.70		94.0	20/10/0		73
1986/87 4/	4.38	3.00	2.40	1.98	2.00	1.10	91.7	22 5/2.5/5-10		84/21/84
1987/88	4.38	2.85	2.28	2.10			89.6	27.5/0/0		83
1988/89	4.23	2.76	2.21	1.53				27.5/0/0		
<b>Rice</b>										
					\$/cwt					
1983/84	11.40	8.14		2.77	2.70	80	3.95	15/5/10-30		98/98/87
1984/85	11.90	8.00		3.76			4.16	25/0/0		85
1985/86	11.90	8.00	5/3.16	3.90	3.50		4.23	20/15/0		89
1986/87 4/	11.90	7.20	5/3.82	4.70			4.20	35/0/0		92
1987/88	11.66	6.84	5/5.75	4.82			4.20	35/0/0		97
1988/89	11.15	6.63	5/7.00	1.65			4.22	25/0/0		85
<b>Corn</b>										
					\$/bu.					
1983/84	2.86	2.65		0	1.50	80	82.6	10/10/10-30		71/71/60
1984/85	3.03	2.55		.43			80.8	10/0/0		54
1985/86	3.03	2.55		.48			84.2	10/0/0		69
1986/87 4/	3.03	2.40	1.82	1.11	.73		81.9	17.5/2.5/0		85
1987/88	3.03	2.28	1.82	1.21	2.00		83.3	20/15/0		88/55
1988/89	2.93	2.21	1.77	1.10	1.75			20/10/0: 0/92		
<b>Sorghum</b>										
					\$/bu.					
1983/84	2.72	2.52		0	1.50	80	18.0	6/[same]		72/72/53
1984/85	2.88	2.42		.46			18.2			42
1985/86	2.88	2.42		.46			19.3			55
1986/87 4/	2.88	2.28	1.82	1.06	.65		18.7			75
1987/88	2.88	2.18	1.74	1.14	1.90		18.1			83/42
1988/89	2.78	2.10	1.68	1.08	1.65					
<b>Barley</b>										
					\$/bu.					
1983/84	2.60	2.16		.21	1.00		11.0	6/[same]		55/55/0
1984/85	2.60	2.08		.26			11.6			44
1985/86	2.60	2.08		.52			13.3			57
1986/87 4/	2.60	1.95	1.56	1.04	.57		12.4			73
1987/88	2.60	1.86	1.49	1.11	1.60		12.9			82/23
1988/89	2.51	1.80	1.44	.76	1.40					
<b>Oats</b>										
					\$/bu.					
1983/84	1.60	1.36		.11	.75		9.8	6/[same]		20/20/0
1984/85	1.60	1.31		0			9.8			14
1985/86	1.60	1.31		.29			9.4			14
1986/87 4/	1.60	1.24	.99	.50	.36		9.5			37
1987/88	1.60	1.18	.94	.55	.80		8.7			44/15
1988/89	1.55	1.13	.90	.30				5/0/0: 0/92		
<b>Soybeans 7/</b>										
					\$/bu.					
1983/84		5.02								
1984/85		5.02								
1985/86		5.02								
1986/87 4/		4.77								
1987/88		4.77								
1988/89										
<b>Upland cotton</b>										
					\$/lb.					
1983/84	76.0	55.00		12.10	25.00	85	15.4	20/5/10-30		93/93/77
1984/85	81.0	55.00		18.60			15.6	25/0/0		70
1985/86	81.0	57.30		23.70	30.00		15.8	20/10/0		82/0/0
1986/87 4/	81.0	55.00	8/44.00	26.00			15.5	25/0/0		80
1987/88	77.0	52.25	9/	17.3			15.5	25/0/0		88
1988/89	75.9	51.80		16.00			15.3	12 5/0/0		

1/ Percentage of base acres farmers participating in Acreage Reduction Programs/Paid Land Diversion/PIK were required to devote to conserving uses to receive Program benefits. In addition to the percentages shown for 1983/84, farmers had the option of submitting bids to retire their entire base acreages. 2/ Percentage of base acres enrolled in Acreage Reduction Programs/Paid Land Diversion/PIK. 3/ Percent of program yield, except 1986/87 wheat, which is dollars per bushel. 1983 and 1984 PIK rates apply only to the 10-30 and 10-20 definitions, respectively. 4/ Payment rates for payments received in cash were reduced by 4.3 percent in 1986/87 due to Gramm-Rudman-Hollings. 5/ Annual average world market price. 6/ In the sorghum, oats and barley programs were the same as for corn each year except 1983/84, when PIK was not offered on barley and oats, and in 1988 for oats. 7/ There are no target prices, acreage programs, or payment rates for soybeans. 8/ Loan repayment rate. 9/ Loans may be repaid at the lower of the loan rate or world market prices.

Information contact: Larry Van Nelf (202) 786-1840.

Table 23.—Fruit

	Calendar years											
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987 P
<b>Citrus</b>												
Production (thou tons)	15,242	14,255	13,329	16,484	15,105	12,057	13,608	10,792	10,488	11,074	11,952	12,261
Per capita consumption (lbs) 1/	117.2	124.5	107.4	108.5	112.7	104.7	109.6	120.2	102.8	115.7	109.8	NA
<b>Non Citrus</b>												
Production (thou tons)	11,846	12,274	12,460	13,689	15,152	12,961	14,217	14,154	14,292	14,188	13,916	15,333
Per capita consumption (lbs) 1/	84.2	84.3	82.5	85.8	87.3	88.1	89.0	89.0	93.7	92.6	95.3	NA
1987												
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
<b>F.O.B. shipping point prices</b>												
Apples (\$/carton) 2/	10.67	14.00	14.50	15.35	16.63	17.60	14.34	11.60	NA	7.93	7.83	8.98
Pears (\$/box) 3/	16.00	15.63	14.75	14.10	15.28	21.00	NA	NA	NA	12.00	10.82	9.70
Oranges (\$/box) 4/	4.01	4.83	4.68	5.15	5.62	6.47	6.29	6.18	6.01	7.36	10.23	5.45
Grapefruit (\$/box) 4/	5.80	4.72	2.64	1.85	2.27	4.34	5.58	5.95	5.07	5.07	6.81	5.84
<b>Stocks, ending</b>												
Fresh apples (mil lbs)	2,307.2	1,720.2	1,174.0	761.9	386.3	203.8	74.9	4.1	2,684.2	5,466.0	4,684.9	3,943.8
Fresh pears (mil lbs)	170.9	127.1	92.1	53.7	21.1	1.7	11.8	185.2	505.8	425.8	338.8	279.4
Frozen fruits (mil lbs)	632.3	563.0	497.7	495.6	510.6	625.9	865.7	908.3	908.7	957.9	943.1	857.0
Frozen orange juice (mil lbs)	877.8	1,015.7	937.1	994.8	1,112.6	1,108.6	945.8	797.6	843.2	670.7	569.0	658.5

1/ Per capita consumption for total U.S. population, including military consumption of both fresh and processed fruit in fresh weight equivalent. 2/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 3/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 4/ U.S. equivalent on-tree returns. P = preliminary. NA = not available.

Information contact: Ben Huang (202) 786-1884.

Table 24.—Vegetables

	Calendar years												
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987			
Production													
Total vegetables (1,000 cwt) 1/	382,165	413,925	381,370	379,123	431,515	403,320	457,392	453,769	445,436	462,402			
Fresh (1,000 cwt) 1/ 2/	182,563	190,859	190,228	194,694	207,924	197,919	217,132	217,932	216,267	218,190			
Processed (tons) 3/	9,980,100	11,153,300	9,557,100	9,221,460	11,179,590	10,270,050	12,013,020	11,791,860	11,616,560	12,210,580			
Mushrooms (1,000 lbs)	454,007	470,069	469,576	517,146	480,826	561,531	595,681	587,956	NA	NA			
Potatoes (1,000 cwt)	366,314	342,447	302,857	338,591	355,131	333,911	362,612	407,109	361,511	385,774			
SweetPotatoes (1,000 cwt)	13,115	13,370	10,953	12,799	14,833	12,083	12,986	14,853	12,674	12,103			
Dry edible beans (1,000 cwt)	18,935	20,552	26,729	32,751	25,563	15,520	21,070	22,175	22,886	26,309			
1986													
1987													
	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Shipments													
Fresh (1,000 cwt) 4/	15,766	20,607	18,068	22,286	20,011	23,887	35,745	23,791	17,075	20,213	16,104	15,445	15,494
Potatoes (1,000 cwt)	10,836	14,569	10,881	15,668	13,560	12,165	12,622	7,631	8,514	11,384	9,718	11,021	10,756
SweetPotatoes (1,000 cwt)	389	279	259	293	299	177	98	34	136	322	359	795	446

1/ 1983 data are not comparable with 1984 and 1985. 2/ Estimate reinstated for asparagus with the 1984 crop. All other years also include broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, and tomatoes. 3/ Estimate reinstated for cucumbers with the 1984 crop. All other years also include snap beans, sweet corn, green peas, and tomatoes. 4/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, lettuce, onions, bell peppers, squash, tomatoes, cantaloupes, honeydews, and watermelons. NA = not available.

Information contacts: Shannon Hamm or Cathy Greene (202) 786-1767.

Table 25.—Other Commodities

	Annual					1986		1987			
	1983	1984	1985	1986	1987 P	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	
<b>Sugar</b>											
Production 1/	5,682	5,890	5,969	6,257	7,278	3,231	2,024	766	865	3,622	
Deliveries 1/	8,812	8,454	8,035	7,786	8,172	1,991	1,908	2,002	2,146	2,116	
Stocks, ending 1/	2,570	3,005	3,126	3,227	965	3,227	3,497	2,476	1,497	965	
<b>Coffee</b>											
Composite green price N.Y. (cts/lb)	131.51	142.95	137.46	185.18	108.94	159.69	115.38	105.91	99.16	115.32	
Imports, green bean equiv. (mil lbs) 2/	2,259	2,411	2,550	2,596	2,638	498	563	790	645	640	
1986											
1987											
	1984	1985	1986	Oct	May	June	July	Aug	Sept	Oct	
<b>Tobacco</b>											
Prices at auctions 3/											
Flue-cured (dol/lb)	1.81	1.72	1.52	1.51	NQ	NQ	NQ	1.47	1.65	1.66	
Burley (dol/lb)	1.88	1.59	1.57	NQ	NQ	NQ	NQ	NQ	NQ	NQ	
Domestic consumption 4/											
Cigarettes (bil)	600.4	594.0	584.0	52.0	51.0	61.8	37.9	49.8	51.0	48.6	
Large cigars (mil)	3,493	3,226	3,090	268.5	233.1	290.7	193.0	220.2	253.7	197.3	

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Net imports of green and processed coffee. 3/ Crop year July-June for flue-cured, October-September for burley. 4/ Taxable removals. P = preliminary. NQ = no quote.

Information contacts: (sugar) Dave Harvey (202) 786-1888; (coffee) Fred Gray (202) 786-1888; (tobacco) Verner Grise (202) 786-1890.

Table 26.—World Supply &amp; Utilization of Major Crops, Livestock, &amp; Products

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87 P	1987/88 F
Million units							
<b>Wheat</b>							
Area (hectare)	238.7	237.7	229.1	231.4	229.3	228.0	219.3
Production (metric ton)	449.5	477.5	489.4	511.5	499.2	529.4	502.0
Exports (metric ton) 1/	101.3	98.7	102.0	107.0	84.8	91.3	102.2
Consumption (metric ton) 2/	443.6	462.2	474.2	492.6	495.3	521.4	527.6
Ending stocks (metric ton) 3/	87.0	102.3	145.2	164.1	167.9	175.6	149.7
<b>Coarse grains</b>							
Area (hectare)	348.9	339.7	335.3	335.5	341.0	336.7	325.0
Production (metric ton)	766.0	784.4	687.2	813.5	843.0	832.8	792.3
Exports (metric ton) 1/	96.6	89.6	93.3	100.4	83.2	83.6	86.5
Consumption (metric ton) 2/	737.7	753.1	758.3	781.9	778.3	806.5	819.5
Ending stocks (metric ton) 3/	120.7	151.8	110.4	143.1	207.7	234.1	206.9
<b>Rice, milled</b>							
Area (hectare)	145.2	141.1	144.3	144.4	144.7	144.8	142.4
Production (metric ton)	280.6	285.7	308.0	319.2	319.0	317.7	302.0
Exports (metric ton) 4/	11.8	11.9	12.6	11.5	12.8	12.7	10.4
Consumption (metric ton) 2/	281.5	290.3	313.1	310.8	320.0	322.7	312.2
Ending stocks (metric ton) 3/	21.3	17.3	46.7	54.8	53.8	48.8	38.5
<b>Total grains</b>							
Area (hectare)	733.8	718.5	708.7	711.3	715.0	709.5	686.7
Production (metric ton)	1,496.1	1,547.6	1,484.6	1,645.2	1,661.2	1,679.6	1,596.3
Exports (metric ton) 1/	209.7	200.2	207.9	218.9	180.8	187.6	199.1
Consumption (metric ton) 2/	1,462.8	1,505.6	1,545.6	1,585.3	1,593.6	1,650.6	1,659.3
Ending stocks (metric ton) 3/	229.0	271.4	302.3	362.0	429.4	458.5	395.1
<b>Oilseeds</b>							
Crush (metric ton)	138.9	143.5	136.1	150.6	154.3	159.7	164.9
Production (metric ton)	169.4	178.2	165.4	191.2	195.7	194.0	202.7
Exports (metric ton)	35.9	35.2	33.0	33.0	34.4	37.7	38.3
Ending stocks (metric ton)	13.5	20.5	15.7	21.2	26.7	23.8	22.4
<b>Meals</b>							
Production (metric ton)	94.5	98.1	92.7	101.7	104.5	108.9	113.0
Exports (metric ton)	28.8	31.6	29.7	32.3	34.2	36.1	35.9
<b>Oil</b>							
Production (metric ton)	41.6	43.4	42.2	46.1	49.2	49.8	51.6
Exports (metric ton)	13.4	14.0	13.7	15.5	16.3	16.4	16.9
<b>Cotton</b>							
Area (hectare)	33.0	31.4	31.0	33.9	31.9	30.2	32.4
Production (bale)	71.2	68.1	67.7	88.1	79.1	70.0	77.8
Exports (bale)	20.2	19.4	19.2	20.5	20.5	25.8	24.2
Consumption (bale)	66.2	68.3	68.7	70.4	76.9	83.3	82.3
Ending stocks (bale)	25.2	25.1	25.1	42.3	45.3	31.8	24.3
	1982	1983	1984	1985	1986	1987 P	1988 F
<b>Red meat</b>							
Production (mil metric tons)	94.8	97.5	99.3	103.3	105.6	105.4	107.0
Consumption (mil metric tons)	93.3	95.8	97.4	101.2	104.7	103.8	105.8
Exports (mil metric tons) 1/	5.8	5.9	5.9	6.2	6.6	6.5	6.7
<b>Poultry</b>							
Production (mil metric tons)	23.7	24.4	25.2	26.2	27.3	29.0	30.3
Consumption (mil metric tons)	23.3	24.3	24.8	25.9	26.9	28.5	29.8
Exports (mil metric tons) 1/	1.4	1.3	1.3	1.2	1.3	1.4	1.5
<b>Dairy</b>							
Milk production (mil metric tons)	396.9	413.0	413.4	417.8	424.2	419.2	421.7

1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1982 data correspond with 1981/82, etc. P = preliminary. F = forecast.

Information contacts: Frederic Suris (202) 786-1820; (red meat & poultry) Linda Bailey (202) 786-1285; (dairy) Sara Short (202) 786-1769.

# U.S. Agricultural Trade

Table 27.—Prices of Principal U.S. Agricultural Trade Products

	Annual			1986	1987						
	1985	1986	1987	Dec	July	Aug	Sept	Oct	Nov	Dec	
Export commodities											
Wheat, f.o.b. vessel, Gulf ports (\$/bu)	3.73	3.19	3.11	2.97	2.89	2.95	3.09	3.17	3.17	3.43	
Corn, f.o.b. vessel, Gulf ports (\$/bu)	2.89	2.27	1.95	1.89	1.96	1.82	1.89	2.02	2.10	2.13	
Grain sorghum, f.o.b. vessel, Gulf ports (\$/bu)	2.64	2.16	1.88	1.84	1.90	1.74	1.78	1.89	2.01	1.98	
Soybeans, f.o.b. vessel, Gulf ports (\$/bu)	5.83	5.45	5.55	5.14	5.74	5.51	5.53	5.55	5.88	6.16	
Soybean oil, Decatur (cts/lb)	27.03	16.36	15.85	14.68	15.05	14.93	15.26	16.78	17.16	18.77	
Soybean meal, Decatur (\$/ton)	127.15	157.62	175.57	149.54	179.84	168.93	178.96	185.86	209.45	214.51	
Cotton, 8 market avg. spot (cts/lb)	58.55	53.47	64.35	54.15	73.06	75.89	71.41	64.22	64.81	62.25	
Tobacco, avg. price at auction (cts/lb)	172.05	153.93	147.25	146.40	141.80	141.45	152.15	152.84	152.38	152.61	
Rice, f.o.b. mill, Houston (\$/cwt)	18.49	14.60	13.15	13.00	10.50	10.50	11.75	19.44	21.00	21.00	
Inedible tallow, Chicago (cts/lb)	14.33	9.03	13.79	9.40	15.17	14.50	15.53	15.23	15.17	15.56	
Import commodities											
Coffee, N.Y. spot (\$/lb)	1.42	2.01	1.09	1.46	1.00	.96	.97	1.05	1.19	1.19	
Rubber, N.Y. spot (cts/lb)	41.91	42.87	50.65	44.67	53.47	53.73	54.17	53.76	53.10	54.01	
Cocoa beans, N.Y. (\$/lb)	.99	.88	.87	.86	.93	.89	.87	.84	.84	.82	

Information contact: Mary Teymourian (202) 786-1820.

Table 28.—Indexes of Nominal & Real Trade-Weighted Dollar Exchange Rates

	1987											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
March 1973=100												
Total U.S. trade 1/	101	99	99	97	96	98	99	99	97	97	92	90
Nominal												
April 1971=100												
Agricultural trade												
Nominal 2/	5,238	6,102	6,954	7,783	9,838	12,507	14,245	14,933	15,794	16,858	18,559	21,384
Real 3/	86	85	85	83	83	85	85	85	84	83	81	80
Soybeans												
Nominal 2/	314	327	343	358	374	394	412	428	444	460	491	600
Real 3/	72	71	71	69	69	70	71	71	69	69	66	65
Wheat												
Nominal 2/	28,557	34,601	39,700	44,815	57,302	73,477	83,997	88,101	93,144	99,717	109,724	126,159
Real 3/	105	104	106	103	104	106	106	104	103	102	99	97
Corn												
Nominal 2/	4,842	5,631	6,407	7,158	9,020	11,436	13,013	13,642	14,427	15,392	16,943	19,547
Real 3/	76	76	76	74	73	74	75	74	73	72	69	69
Cotton												
Nominal 2/	234	233	233	272	270	269	269	269	292	267	280	282
Real 3/	91	90	90	89	87	87	88	87	86	86	85	83

1/ Federal Reserve Board index of trade-weighted exchange value of the U.S. dollar against 10 other major industrial country currencies, plus Switzerland. These currencies dominate the financing of U.S. total trade. 2/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 3/ The real index deflates the nominal series by consumer price changes of the countries involved, resulting in divergence between nominal and real indexes when high-inflation countries figure significantly. The nominal Federal Reserve index shows little divergence between nominal and real indexes because of similar inflation rates among the countries included. \*Preliminary.

Information contact: Edward Wilson (202) 786-1790.

Table 29.—Trade Balance

	Fiscal years*									Nov
	1980	1981	1982	1983	1984	1985	1986	1987	1988 F	1987
\$ million										
Exports										
Agricultural	40,481	43,780	39,095	34,769	38,027	31,201	26,307	27,874	32,000	2,825
Nonagricultural	169,846	185,423	176,310	159,373	170,014	179,236	176,631	199,947	NA	20,129
Total 1/	210,327	229,203	215,405	194,142	208,041	210,437	202,938	227,821	NA	22,954
Imports										
Agricultural	17,276	17,218	15,481	16,271	18,916	19,740	20,875	20,643	20,500	1,683
Nonagricultural	223,590	237,469	233,353	230,629	297,736	313,722	342,855	367,381	NA	33,574
Total 2/	240,866	254,687	248,834	246,900	316,652	333,462	363,730	388,024	NA	35,257
Trade balance										
Agricultural	23,205	26,562	23,614	18,498	19,111	11,461	5,432	7,231	11,500	1,142
Nonagricultural	-53,744	-52,046	-57,043	-71,256	-127,722	-134,486	-166,224	-167,434	NA	-13,445
Total	-30,538	-25,484	-33,429	-52,758	-108,611	-123,025	-160,792	-160,203	NA	-12,303

\*Fiscal years begin October 1 and end September 30. Fiscal year 1987 began Oct. 1, 1986 and ended Sept. 30, 1987.

1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value).

F = forecast. NA = not available.

Information contact: Steve MacDonald (202) 786-1827.

Table 30.—U.S. Agricultural Exports &amp; Imports

	Fiscal years*				Nov	Fiscal years*				Nov
	1985	1986	1987	1988 F	1987	1985	1986	1987	1988 F	1987
	Thousand units					\$ million				
Exports										
Animals, live (no) 1/	996	570	275	--	25	255	344	331	--	72
Meats & preps., excl. poultry (mt)	427	451	548	2/500	53	906	1,012	1,300	--	155
Dairy products (mt)	423	480	445	--	37	414	430	490	500	43
Poultry meats (mt)	234	265	376	400	34	257	282	406	--	36
Fats, oils, & greases (mt)	1,217	1,355	1,220	3/1,100	80	608	477	417	--	31
Hides & skins incl. furskins	--	--	--	--	--	1,325	1,440	1,666	--	145
Cattle hides, whole (no) 1/	25,456	25,596	24,337	--	2,070	1,019	1,131	1,254	--	120
Mink pelts (no) 1/	2,237	2,697	2,761	--	54	60	65	103	--	2
Grains & feeds (mt)	93,903	74,358	90,411	--	6,935	13,285	9,470	9,061	4/11,500	712
Wheat (mt)	28,523	25,500	28,233	35,000	1,937	4,264	3,260	2,881	5/4,100	188
Wheat flour (mt)	718	1,094	1,421	1,500	134	164	203	207	--	17
Rice (mt)	1,972	2,382	2,454	2,300	243	677	648	551	800	58
Feed grains, incl. products (mt)	55,362	36,261	47,658	52,300	3,770	6,884	3,817	3,749	4,600	311
Feeds & feeders (mt)	6,533	8,368	10,114	6/10,000	786	1,004	1,284	1,456	--	113
Other grain products (mt)	795	1,015	750	--	78	293	332	284	--	30
Fruits, nuts, and preps. (mt)	1,907	2,003	2,141	--	222	1,687	1,766	2,049	--	219
Fruit juices incl. froz. (hl) 1/	4,641	3,652	4,356	--	262	200	148	185	--	13
Vegetables & preps. (mt)	1,420	1,449	1,639	--	158	946	998	1,178	--	110
Tobacco, unmanufactured (mt)	257	224	224	200	25	1,588	1,318	1,204	1,200	134
Cotton, excl. linters (mt)	1,277	482	1,306	1,600	134	1,945	678	1,419	2,300	202
Seeds (mt)	289	269	315	--	38	352	366	370	400	50
Sugar, cane or beet (mt)	355	375	582	--	37	65	75	113	--	8
Oilseeds & products (mt)	23,803	27,582	29,709	--	3,329	6,195	6,271	6,304	7,300	749
Oilseeds (mt)	17,886	20,684	21,855	21,000	2,699	4,324	4,394	4,411	--	568
Soybeans (mt)	16,621	20,139	21,322	20,700	2,670	3,876	4,174	4,191	4,600	549
Protein meal (mt)	4,606	5,614	6,819	6,900	480	853	1,132	1,354	1,600	106
Vegetable oils (mt)	1,311	1,284	1,035	--	151	1,018	746	538	--	74
Essential oils (mt)	12	7	8	--	1	105	105	111	--	10
Other	443	568	564	--	79	1,069	1,127	1,270	--	136
Total	125,967	109,868	129,488	141,000	11,162	31,201	26,307	27,874	32,000	2,825
Imports										
Animals, live (no) 1/	2,120	1,885	1,994	--	64	569	637	610	600	26
Meats & preps., excl. poultry (mt)	1,123	1,139	1,282	--	87	2,214	2,248	2,797	--	204
Beef & veal (mt)	674	693	778	750	43	1,295	1,252	1,575	1,600	100
Pork (mt)	416	406	462	460	39	847	900	1,125	1,100	93
Dairy products (mt)	418	400	461	450	29	763	786	849	900	82
Poultry and products 1/	--	--	--	--	--	93	101	112	--	10
Fats, oils, & greases (mt)	21	22	21	--	2	18	17	18	--	1
Hides & skins, incl. furskins 1/	--	--	--	--	--	240	200	304	--	16
Wool, unmanufactured (mt)	43	53	59	--	5	145	160	197	--	21
Grains & feeds (mt)	2,070	2,311	2,336	2,300	237	604	668	727	700	74
Fruits, nuts, & preps.,										
excl. juices (mt)	4,483	4,637	4,835	4,700	362	1,891	1,976	2,178	--	159
Bananas & plantains (mt)	3,022	3,042	3,106	3,100	278	752	740	817	800	72
Fruit juices (hl) 1/	35,112	31,539	33,888	31,500	3,190	995	698	728	--	80
Vegetables & preps. (mt)	2,140	2,199	2,446	2,200	184	1,347	1,560	1,509	1,500	117
Tobacco, unmanufactured (mt)	191	208	224	210	20	556	606	634	600	56
Cotton, unmanufactured (mt)	31	41	38	--	3	17	14	7	--	1
Seeds (mt)	92	89	133	100	5	91	111	156	100	11
Nursery stock & cut flowers 1/	--	--	--	--	--	318	353	369	--	30
Sugar, cane or beet (mt)	2,338	1,905	1,492	1,285	116	912	654	497	--	41
Oilseeds & products (mt)	1,271	1,508	1,572	1,500	169	784	639	579	700	75
Oilseeds (mt)	253	197	165	--	15	98	69	56	--	5
Protein meal (mt)	159	138	245	--	17	17	15	30	--	3
Vegetable oils (mt)	859	1,173	1,162	--	137	670	555	493	--	68
Beverages excl. fruit juices (hl) 1/	15,494	15,488	15,549	--	1,353	1,622	1,848	1,923	--	213
Coffee, tea, cocoa, spices (mt)	1,868	1,940	1,915	--	143	4,983	6,099	4,867	--	326
Coffee, incl. products (mt)	1,128	1,223	1,207	1,250	78	3,244	4,400	3,232	3,300	179
Cocoa beans & products (mt)	539	507	503	500	50	1,285	1,189	1,088	1,100	106
Rubber & allied gums (mt)	798	801	824	780	64	680	615	714	700	65
Other	--	--	--	--	--	900	885	868	--	75
Total	--	--	--	--	--	19,740	20,875	20,643	20,500	1,683

\*Fiscal years begin October 1 and end September 30. Fiscal year 1987 began Oct. 1, 1986 and ended Sept 30, 1987. -- = not available. 1/ Not included in total volume. 2/ Forecasts for footnoted items 2/-6/ are based on slightly different groups of commodities. Fiscal 1987 exports of categories used in the 1988 forecasts were 2/ 503 thousand mt. 3/ 1,204 thousand mt. 4/ 9,302 million. 5/ 3,086 million. i.e. includes flour. 6/ 10,003 thousand mt. F = forecast.

Information contact: Steve MacDonald (202) 786-1827.

Table 31.—U.S. Agricultural Exports by Region

Region & country	Fiscal years*				Nov	Change from year* earlier				Nov
	1985	1986	1987	1988 F	1987	1985	1986	1987	1988 F	1987
	\$ million					Percent				
Western Europe	7,163	6,846	7,204	7,500	821	-22	-5	5	4	-5
European Community (EC-12)	6,668	6,431	6,773	7,000	784	-23	-4	5	3	-4
Belgium-Luxembourg	470	361	423	--	45	-44	-23	17	--	-22
France	396	431	495	--	69	-22	9	15	--	13
Germany, Fed. Rep.	900	1,001	1,266	--	118	-29	11	26	--	-14
Italy	677	693	733	--	55	-12	2	6	--	-50
Netherlands	1,926	2,041	1,950	--	211	-14	6	-4	--	0
United Kingdom	628	628	662	--	87	-20	0	5	--	7
Portugal	502	308	268	--	57	-28	-39	-13	--	185
Spain, Incl. Canary Islands	832	723	654	--	102	-32	-13	-10	--	-7
Other Western Europe	515	415	432	500	37	-16	-19	4	16	-29
Switzerland	232	128	145	--	11	-26	-45	13	--	-27
Eastern Europe	532	447	453	500	34	-28	-16	1	10	-17
German Dem. Rep.	81	52	66	--	5	-39	-36	27	--	-44
Poland	126	42	63	--	9	-36	-66	50	--	350
Yugoslavia	137	134	131	--	6	-24	-2	-2	--	-63
Romania	88	112	115	--	0	-43	27	3	--	-100
USSR	2,525	1,105	659	1,500	69	1	-56	-40	128	100
Asia	11,933	10,493	11,990	13,900	1,259	-22	-12	14	16	27
West Asia (Mideast)	1,452	1,243	1,664	2,000	141	-22	-14	34	20	-3
Turkey	129	111	120	--	11	-42	-13	8	--	38
Iraq	371	335	519	700	44	-12	-10	55	35	0
Israel	300	255	244	--	21	-15	-15	-4	--	11
Saudi Arabia	381	335	489	500	49	-23	-12	46	2	19
South Asia	599	517	345	--	57	-31	-14	-33	--	470
Bangladesh	205	94	111	--	23	31	-54	18	--	667
India	129	90	93	--	10	-66	-30	3	--	100
Pakistan	228	285	98	200	21	-20	25	-66	104	950
China	239	83	235	500	78	-65	-65	183	113	1,200
Japan	5,663	5,139	5,553	6,200	593	-18	-9	8	12	17
Southeast Asia	842	724	707	--	79	-31	-14	-2	--	32
Indonesia	204	172	152	--	22	-53	-16	-12	--	57
Philippines	285	269	259	300	23	-5	-6	-4	16	5
Other East Asia	3,138	2,788	3,485	4,000	311	-14	-11	25	15	16
Taiwan	1,342	1,108	1,354	1,500	112	-5	-17	22	11	-9
Korea, Rep.	1,400	1,277	1,693	2,000	150	-23	-9	33	18	35
Hong Kong	396	400	436	400	49	-3	1	9	-8	44
Africa	2,527	2,134	1,784	2,100	164	-12	-16	-16	18	36
North Africa	1,207	1,401	1,279	1,600	112	-22	16	-9	25	37
Morocco	156	159	196	--	11	-54	2	23	--	57
Algeria	220	329	244	300	41	36	50	-26	23	413
Egypt	766	875	762	900	59	-13	14	-13	18	-3
Sub-Saharan	1,320	733	505	600	51	-1	-44	-31	19	31
Nigeria	367	158	67	--	5	6	-57	-58	--	-29
Rep. S. Africa	189	70	49	--	11	-64	-63	-30	--	267
Latin America & Caribbean	4,570	3,598	3,767	4,100	304	-13	-21	5	9	-9
Brazil	557	445	418	600	33	27	-20	-6	44	-64
Caribbean Islands	771	752	829	--	76	-7	-2	10	--	1
Central America	361	334	377	--	33	-9	-7	13	--	32
Colombia	238	137	115	--	12	8	-42	-16	--	300
Mexico	1,566	1,114	1,216	1,400	85	-20	-29	9	15	6
Peru	106	108	140	--	11	-53	2	30	--	-15
Venezuela	721	493	459	500	32	-7	-32	-7	9	19
Canada	1,727	1,466	1,787	2,000	153	-11	-15	22	12	13
Oceania	204	216	230	200	21	-6	6	6	-13	11
Total	31,201	26,307	27,874	32,000	2,825	-18	-16	6	15	12
Developed countries	15,325	13,952	15,027	16,000	1,616	-21	-8	8	6	5
Less developed countries	12,680	10,719	11,500	13,500	1,028	-15	-15	7	17	12
Centrally planned countries	3,296	1,636	1,347	2,500	181	-16	-50	-18	86	285

\*Fiscal years begin October 1 and end September 30. Fiscal year 1987 began Oct. 1, 1986 and ended Sept. 30, 1987. F = forecast.  
 Note: Adjusted for transshipments through Canada.

Information contact: Steve MacDonald (202) 786-1827.

# Farm Income

Table 32.—Farm Income Statistics

	Calendar years										
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987 F	1988 F
	\$ billion										
1. Farm receipts	114.3	133.8	142.0	144.1	147.1	141.1	146.7	149.2	140.2	138	139 to 141
Crops (incl. net CCC loans)	53.2	62.3	71.7	72.5	72.3	67.1	69.4	74.4	63.6	59	62 to 65
Livestock	59.2	69.2	68.0	69.2	70.3	69.4	72.9	69.8	71.6	74	72 to 74
Farm related 1/	1.9	2.2	2.3	2.5	4.5	4.5	4.4	5.0	5.1	5	4 to 6
2. Direct Government Payments	3.0	1.4	1.3	1.9	3.5	9.3	6.4	7.7	11.8	17	13 to 15
Cash Payments	3.0	1.4	1.3	1.9	3.5	4.1	4.0	7.6	8.1	9	6 to 8
Value of PIK commodities	0.0	0.0	0.0	0.0	0.0	5.2	4.5	0.1	3.7	8	7 to 9
3. Total gross farm income (4+5+6) 2/	128.4	150.7	149.3	166.3	163.5	153.1	174.7	166.0	159.5	163	161 to 163
4. Gross cash income (1+2)	117.3	135.1	143.3	146.0	150.6	150.4	155.1	156.9	152.0	156	154 to 156
5. Nonmoney income 3/	9.3	10.6	12.3	13.8	14.3	13.5	13.4	11.8	10.8	10	7 to 9
6. Value of inventory change	1.9	5.0	-6.3	6.5	-1.4	-10.9	6.2	-2.7	-3.3	-2	0 to 1
7. Cash expenses 4/	84.2	101.7	108.1	113.2	112.5	113.3	116.3	109.6	100.1	99	99 to 101
8. Total expenses	103.2	123.3	133.1	139.4	140.0	140.4	142.7	133.7	122.1	119	119 to 121
9. Net cash income (4-7)	33.1	33.4	34.2	32.8	38.1	37.1	38.8	47.3	52.0	57	50 to 55
10. Net farm income (3-8)	25.2	27.4	16.1	26.9	23.5	12.7	32.0	32.3	37.5	45	40 to 48
Deflated (1982\$)	34.9	34.9	18.8	28.6	23.5	12.2	29.7	29.1	32.9	38	34 to 38
11. Off-farm income	29.7	33.8	34.7	35.8	36.4	37.0	38.3	42.5	44.7	48	48 to 50
12. Loan changes 5/: Real estate	7.6	13.0	9.3	8.4	4.0	2.5	-0.8	-5.6	-7.3	-6	-4 to -8
13.     5/: Nonreal estate	8.3	10.9	5.8	6.2	3.4	1.0	-0.8	-9.2	-10.5	-9	-3 to -7
14. Rental income plus monetary change	4.1	6.3	6.1	6.4	6.3	5.3	8.9	8.8	7.8	7	7 to 9
15. Capital expenditures 5/	17.9	19.9	18.0	16.8	13.3	12.7	12.5	9.6	8.6	7	7 to 9
16. Net cash flow 18+12+13+14-15)	35.1	43.7	37.5	37.9	38.4	33.6	33.6	31.6	33.4	43	40 to 45

1/ Income from machine hire, custom work, sales of forest products, and other miscellaneous cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food and imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, and farm household expenses. 5/ Excludes farm households. Totals may not add because of rounding. F = forecast.

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Table 33.—Balance Sheet of the U.S. Farming Sector

	Calendar years 1/										
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987 F	
	\$ billion										
Assets											
Real estate	601.8	706.2	782.9	784.7	748.8	739.6	639.6	558.9	510.1	530	530 to 540
Non-real estate	175.3	201.6	213.2	212.0	212.2	205.4	208.9	191.2	181.5	179	174 to 179
Livestock & poultry	51.3	61.4	60.6	53.5	53.0	49.7	49.6	46.3	47.6	48	47 to 50
Machinery & motor vehicles	75.5	85.8	93.1	101.4	102.0	100.8	96.9	87.7	80.4	76	71 to 75
Crops stored 2/	25.3	29.2	33.0	29.1	27.7	23.7	29.6	23.1	18.4	19	15 to 21
Financial assets	23.1	25.3	26.5	28.0	29.5	31.3	32.8	34.2	35.0	36	35 to 39
Total farm assets	777.2	907.8	996.1	996.7	961.0	945.0	848.5	750.1	691.6	712	705 to 730
Liabilities											
Real estate 3/	66.7	79.7	89.6	98.7	102.5	104.8	103.7	97.7	88.1	83	75 to 81
Non-real estate 4/	60.7	71.8	77.1	83.6	87.0	87.9	87.1	77.5	66.8	58	53 to 57
Total farm liabilities	127.4	151.6	166.8	182.3	189.5	192.7	190.8	175.2	155.0	141	128 to 138
Total farm equity	649.7	756.2	829.3	814.4	771.5	752.3	657.7	574.9	536.6	571	575 to 595
	Percent										
Selected ratios											
Debt-to-assets	16.4	16.7	16.7	18.3	19.7	20.4	22.5	23.4	22.4	20	17 to 20
Debt-to-equity	19.6	20.0	20.1	22.4	24.6	25.6	29.0	30.5	28.9	25	20 to 24
Debt-to-net cash income	385	454	488	556	497	519	492	370	298	245	230 to 250

1/ As of December 31. 2/ Non-CCC crops held on farms plus value above loan rates for crops held under CCC. 3/ Excludes debt on operator dwellings, but includes CCC storage and drying facilities loans. 4/ Excludes debt for nonfarm purposes. F = forecast.

Information contacts: Ken Erickson or Jim Ryan (202) 786-1798.

Table 34.—Cash Receipts from Farm Marketings, by State

Region State	Livestock & Products				Crops 1/				Total 1/			
	1985	1986	Oct 1987	Nov 1987	1985	1986	Oct 1987	Nov 1987	1985	1986	Oct 1987	Nov 1987
	\$ million 2/											
<b>North Atlantic</b>												
Maine	229	223	19	19	137	143	13	13	366	365	32	32
New Hampshire	70	72	6	6	36	38	4	4	106	109	9	10
Vermont	354	361	31	30	34	36	2	8	387	398	33	38
Massachusetts	128	131	10	11	262	292	33	49	389	423	44	60
Rhode Island	14	12	1	1	62	63	4	4	76	75	5	5
Connecticut	205	210	16	17	150	162	13	12	354	372	28	29
New York	1,847	1,809	158	151	730	724	71	71	2,578	2,533	229	223
New Jersey	144	150	12	13	443	430	36	36	587	580	48	49
Pennsylvania	2,184	2,239	189	186	1,003	926	78	84	3,187	3,165	268	279
<b>North Central</b>												
Ohio	1,515	1,566	149	136	2,602	2,043	390	308	4,117	3,610	539	444
Indiana	1,728	1,852	170	165	3,063	2,258	605	403	4,791	4,110	776	568
Illinois	2,055	2,143	189	165	5,915	4,737	673	583	7,970	6,880	862	747
Michigan	1,231	1,236	106	95	1,692	1,429	136	211	2,923	2,664	241	306
Wisconsin	4,058	4,164	377	354	1,019	892	100	161	5,075	5,057	477	515
Minnesota	3,370	3,395	326	315	3,223	2,680	199	494	6,594	6,074	525	809
Iowa	4,883	4,982	473	486	4,582	4,124	512	789	9,465	9,106	984	1,274
Missouri	1,924	1,930	202	222	1,763	1,586	208	247	3,688	3,516	410	469
North Dakota	687	676	79	105	2,001	1,623	162	185	2,688	2,299	241	280
South Dakota	1,900	1,525	219	223	1,157	938	150	180	3,057	2,463	369	403
Nebraska	4,113	4,260	507	414	3,227	2,669	279	459	7,341	6,928	786	873
Kansas	3,336	3,447	304	284	2,552	1,978	168	300	5,888	5,425	473	583
<b>Southern</b>												
Delaware	353	402	27	25	139	118	20	13	492	520	47	38
Maryland	764	814	59	53	456	371	44	39	1,220	1,186	103	92
Virginia	1,062	1,127	144	97	623	486	90	65	1,684	1,613	233	162
West Virginia	191	156	16	14	56	71	6	6	247	227	22	20
North Carolina	1,958	2,174	175	183	1,971	1,608	313	142	3,929	3,782	488	325
South Carolina	415	455	43	40	621	440	50	37	1,036	894	93	77
Georgia	1,727	1,882	146	122	1,550	1,324	331	261	3,277	3,206	477	383
Florida	1,022	1,000	90	83	3,681	3,688	160	245	4,704	4,688	251	328
Kentucky	1,352	1,311	110	232	1,583	1,079	56	128	2,934	2,389	166	360
Tennessee	1,000	1,033	112	89	1,091	891	140	178	2,091	1,924	252	267
Alabama	1,301	1,431	127	101	773	578	138	113	2,074	2,009	266	213
Mississippi	1,011	1,044	94	74	1,240	741	318	209	2,250	1,785	412	283
Arkansas	1,825	2,017	207	175	1,607	1,005	345	192	3,433	3,022	552	367
Louisiana	491	503	49	44	993	869	182	198	1,485	1,372	241	242
Oklahoma	1,726	1,875	185	165	957	746	46	88	2,683	2,622	231	253
Texas	5,441	5,516	541	530	3,841	2,928	240	339	9,282	8,444	780	869
<b>Western</b>												
Montana	804	720	155	151	422	493	50	82	1,226	1,213	205	233
Idaho	874	884	100	97	1,219	1,042	179	183	2,093	1,925	279	279
Wyoming	478	455	89	95	123	111	8	31	600	566	97	126
Colorado	2,084	2,218	266	225	1,097	890	74	124	3,181	3,109	340	349
New Mexico	718	708	108	83	368	302	31	46	1,086	1,010	139	129
Arizona	693	699	68	43	813	796	50	89	1,506	1,495	118	131
Utah	413	437	42	43	142	134	16	13	555	570	58	56
Nevada	144	160	17	10	81	72	7	7	225	232	24	17
Washington	926	981	93	90	1,908	1,812	228	135	2,834	2,793	321	225
Oregon	622	649	77	74	1,115	1,135	140	106	1,737	1,784	217	180
California	4,324	4,446	436	373	8,826	9,602	1,186	1,275	14,150	14,049	1,622	1,648
Alaska	8	10	1	1	18	19	3	3	26	29	3	3
Hawaii	83	84	7	7	443	491	43	41	526	575	50	48
<b>United States</b>	<b>69,780</b>	<b>71,573</b>	<b>7,129</b>	<b>6,716</b>	<b>74,413</b>	<b>63,612</b>	<b>8,340</b>	<b>8,995</b>	<b>144,193</b>	<b>135,185</b>	<b>15,469</b>	<b>15,711</b>

1/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period.

2/ Estimates as of the end of current month. Rounded data may not add.

Information contact: Roger Strickland (202) 786-1804.

Table 35.—Cash Receipts from Farming

	Annual <sup>1</sup>						1986	1987				
	1981	1982	1983	1984	1985	1986	Nov	July	Aug	Sept	Oct	Nov
	\$ million											
Farm marketings and CCC loans *	141,616	142,594	136,560	142,314	144,193	135,185	15,663	9,991	9,810	11,662	15,469	15,711
Livestock and products	69,191	70,257	69,437	72,936	69,780	71,573	6,613	6,183	6,335	6,535	7,129	6,716
Meat animals	39,748	40,917	38,893	40,832	38,589	39,137	3,697	3,500	3,826	4,002	4,554	4,036
Dairy products	18,095	18,234	18,763	17,944	18,063	17,824	1,468	1,455	1,468	1,423	1,501	1,465
Poultry and eggs	9,949	9,520	9,979	12,192	11,191	12,678	1,188	908	908	934	948	954
Other	1,358	1,586	1,801	1,968	1,937	1,934	260	321	134	177	126	260
Crops	72,465	72,338	67,143	69,378	74,413	63,612	9,050	3,808	1,475	5,126	8,340	8,995
Food grains	11,619	11,412	9,713	9,576	9,080	5,948	425	722	537	744	606	346
Feed crops	17,770	17,409	15,535	15,831	22,479	17,849	3,060	477	436	637	1,795	2,762
Cotton (lint and seed)	4,055	4,457	3,705	3,270	3,730	2,920	659	166	94	154	830	859
Tobacco	3,250	3,342	2,768	2,841	2,722	1,918	182	7	295	549	207	159
Oil-bearing crops	13,853	13,817	13,546	13,894	12,595	10,507	2,062	355	195	525	2,358	2,053
Vegetables and melons	8,772	8,063	8,462	9,142	8,558	8,705	471	661	813	902	863	426
Fruits and tree nuts	6,603	6,846	6,064	6,768	6,836	6,900	922	904	612	855	906	1,074
Other	6,543	6,993	7,352	8,057	8,413	8,865	1,270	516	493	761	775	1,317
Government payments	1,932	3,492	9,295	8,430	7,704	11,813	301	281	385	207	1,596	84
Total	143,548	146,086	145,875	150,744	151,897	146,998	15,964	10,272	10,195	11,869	17,065	15,795

\* Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month.

Information contact: Roger Strickland (202) 786-1804.

Table 36.—Farm Production Expenses

	Calendar years									
	1979	1980	1981	1982	1983	1984	1985	1986	1987 F	1988 F
	\$ million									
Feed	19,314	20,971	20,855	18,592	21,725	19,852	18,015	16,179	15,600	16,000 to 18,000
Livestock	13,012	10,670	8,999	9,684	8,814	9,498	8,996	9,609	11,600	10,000 to 12,000
Seed	2,904	3,220	3,428	3,172	2,993	3,448	3,350	2,984	2,600	2,200 to 3,200
Farm-origin inputs	35,230	34,861	33,282	31,448	33,532	32,798	30,361	28,772	29,700	29,000 to 32,000
Fertilizer	7,369	9,491	9,409	8,018	7,067	7,429	7,259	5,787	5,000	5,000 to 6,000
Fuels and oils	5,635	7,879	8,570	7,888	7,503	7,143	6,584	4,790	4,500	4,200 to 5,200
Electricity	1,447	1,526	1,747	2,041	2,146	2,166	2,150	2,421	2,200	2,000 to 3,000
Pesticides	3,436	3,539	4,201	4,282	4,154	4,767	4,817	4,331	3,900	3,300 to 4,300
Manufactured inputs	17,887	22,435	23,927	22,229	20,870	21,505	20,840	17,029	15,500	15,000 to 17,000
Short-term interest	6,868	8,717	10,722	11,349	10,615	10,396	8,821	7,795	6,500	5,300 to 6,300
Real estate interest 1/	6,190	7,544	9,142	10,481	10,815	10,733	9,678	9,131	8,000	7,300 to 8,300
Total interest charges	13,058	16,261	19,864	21,830	21,430	21,129	18,699	16,926	14,500	13,000 to 15,000
Repair and operation 1/ 2/	6,754	7,075	7,021	6,428	6,529	6,416	6,370	6,426	6,600	6,500 to 7,500
Hired labor	8,981	9,293	8,931	10,075	9,726	9,729	9,792	9,875	10,300	10,000 to 12,000
Machine hire and custom work	2,063	1,823	1,984	2,025	1,896	2,170	2,184	1,791	1,700	1,200 to 2,200
Marketing, storage, and transportation	3,162	3,070	3,523	4,301	3,904	4,012	4,127	3,652	3,500	3,500 to 4,500
Misc. operating expenses 1/	6,771	6,881	6,909	7,262	8,439	8,450	7,942	7,344	6,200	6,000 to 7,000
Other operating expenses	27,732	28,142	28,368	30,889	31,143	31,433	30,579	29,519	30,000	29,000 to 32,000
Capital consumption 1/	19,345	21,474	23,573	24,287	23,873	23,105	20,891	18,997	17,500	16,000 to 17,000
Taxes 1/	3,871	3,891	4,246	4,036	4,469	4,059	4,231	4,125	4,200	3,700 to 4,700
Net rent to non-operator landlord	6,182	6,075	6,184	6,059	5,060	8,640	8,124	6,684	7,400	7,000 to 8,000
Other overhead expenses	29,398	31,440	34,003	34,381	33,402	35,805	33,247	29,806	28,200	26,000 to 29,000
Total production expenses	123,305	133,139	139,444	139,978	140,375	142,669	133,696	122,052	118,500	119,000 to 121,000

1/ Includes operator dwellings. 2/ Beginning in 1982, misc. operating expenses includes other livestock purchases and dairy assessments. Totals may not add due to rounding. F = forecast.

Information contacts: Richard Kofl (202) 786-1808; Chris McGath (202) 786-1804.



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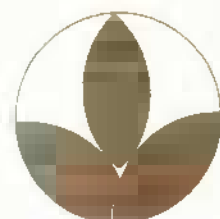
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